

Expert Speak: Nilesch Shah **pg 30**

My Plan: Getting methodical **pg 68**

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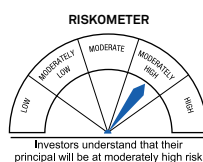
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By not reducing tax savings to a mundane year-end exercise, you can save a lot of your hard-earned money

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# Cost To Country (CTC)



**Benefits stacking up**  
Can the government sustain it?

**T**he 7th Pay Commission report and its recommendations have resulted in economists and analysts hailing it as the windfall, which will act as the necessary catalyst for economic growth. Yes, the overall 23.6 per cent increase in the salaries and pensions of central government employees does leave more money in the recipients' hands but, at the same time, it leaves a big hole in the exchequer's pocket. The cost incurred by the government to toe the recommendation of the 7th Pay Commission will amount to ₹1,02,100 crore in 2016-17.

Ask any business and they will tell you how much they are working towards cutting costs, trimming the workforce and increasing efficiencies. In contrast, the government is increasing its wage bill without having a clear view on how it will sustain this cost.

The premise on which this additional cost is being funded today rests on a lot of hopes—that government employees will start spending the gains that they will have from this increase. But that is unlikely to be the case. The increase in pay after a decade is 23 per cent, which when annualised, works to a little over 2 per cent each year. Smart government employees, despite having access to *kendriya bhandars*, know that the salary increase in no way matches the price rise of essentials.

Moreover, the assumption that government employees will splurge and spend money, which should revive the economy, is based on the

experience of the 6th Pay Commission. However, one should remember that the 6th Pay Commission came into effect in 2009-10 and was applicable retrospectively from 2006. Effectively, most government employees received arrears, which left them with more money in hand that could be utilised on purchasing goods, indirectly boosting the economy. This time around, the recommendation are expected to come into effect from January 2016.

Even if the actual payouts happen a few months later, the arrears will not be very huge. The incremental sum will not find its way into gold or real estate investments, given the kind of returns these have been earning to boost the economy.

Strangely, one idea mentioned in the 7th Pay Commission report, if accepted, could change the way retirement benefits are currently treated for government employees who joined the services from January 1, 2004 and are part of the National Pension System (NPS).

Currently, the NPS structure is such that on retirement, the withdrawals are taxed, which the pay commission report has recommended should be tax-exempt in order to place the pension system at par with other schemes. Here's hoping the NPS gets the necessary booster shot and the withdrawals become tax-free for even ordinary citizens and not just the central government employees. ■



**Narayan Krishnamurthy**  
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## Sound fundamentals

I found your cover story to be to the point about why investing directly in stocks is meant only for some and what one should know before investing in them. I like the approach you have taken because my 10-year experience of investing in stocks has been a hit-and-miss affair compared to investing in mutual funds. I appreciate the logic behind sharing the fundamentals of building an investment portfolio as mentioned in your story and the absence of stock picks.

**Harpreet Dhillon, Gurgaon**

## Economic moats

I am a fan of your magazine and found the mention of economic moats very useful. I think it is time you do a feature just to share the list of companies that qualify as having economic moats that we can still invest in. The few examples you shared including Maruti Suzuki, Asian Paints and Pidilite are actually very good stocks to stay invested in any market. After reading this story, I understand that stock investing calls for a lot of discipline as well as attention, which I do not possess. However, with some clarity on how to go about investing, which was mentioned in your story, I will try to follow an investment strategy that will work for me.

**Sarthak Patnaik, Bengaluru**

## To do or not to do

The opinion by Dharendra Kumar was bang on. I am more convinced about investing in mutual funds after reading his candid views on why he prefers mutual funds over direct stock investing, despite having access to stock analysts and information that many others do not possess. This is really valuable

at a time when several IPOs are coming up and look very lucrative to small investors who do not realise the flip side of IPOs.

**Rathin Lahiri, Kolkata**

## OLM Elite

I was upset that the *OLM Elite* list was not featured in your October issue, but was glad to see how the investment has progressed. I am an Ultracool investor and have been investing in the suggested portfolio for over six months now. I am gaining confidence with each passing month and will be increasing my investment from ₹2,000 to ₹4,000 in the three funds that I have selected from this category. If you could include the views of the fund managers as well, it would offer more insight on how the fund was managed in the past quarter and one could also look for a few cues for the coming months.

**Harish Kanitkar, Mumbai**

I was using the portfolio services of a leading broker who would classify aggressive, moderate and low-risk categories, which never made it clear if it suited my profile.



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After reading *OLM Elite*, I have realised that I fit into the Safe Player stereotype and have started to invest in all the funds under this category. The returns are very good and I feel the biggest advantage is that I do not have to overly worry about how the funds will fare as I can see their performance in your magazine every quarter and also make any changes necessary.

**Kunal Brahma, Delhi**

I have been closely following the portfolios you started featuring earlier this year. I found the logic of creating five user profiles and indicating their expectations and stereotypes very informative and user-friendly. This way, I am far more comfortable investing my



money than in the past, when I had to pick a set of funds from a long list, making it an arduous and difficult task. Keep up the good show.

**Deepak Mathur, Gurgaon**

### Destination Indore

I am a former resident of Indore and found your coverage about Indore as an investment destination bang on. You had covered most of the

areas that are now coming up and mentioned the rate of residential property, which gives an indication of how the city is evolving as a real estate option. I am looking for the SEZ to get some traction before considering investing in the city. Thanks for your timely update.

**Vijay Gore, Pune**

### Senior-friendly gadgets

The article on gadgets for the elderly was very useful and informative. Not only were the suggestions practical, they made immense sense to consider a purchase. My father has several medicines to take each day and I was looking for a device like the med-e-lert, which looks like the perfect gadget for him. I did not realise that there are safety locks too that exist, which are senior friendly. Continue the good job of featuring more such utility devices that will help us in our homes.

**Ranjan Dutta, Delhi**

### Smart tools for start-ups

The enterprise story detailing the free software tools that small enterprises can benefit from was worth the read. I have a small consultancy service and I have been looking for backend support, which has always been a challenge. With some of the ideas mentioned in your article, I have found a reliable way to manage my business affairs.

**Sanjay Rao, Mangalore**

### My plan

The Ojha family is representative of how Indians live and I can empathise how their focus so far has been to get a house of their own. This is the story of most Indian households and I am glad you cover such features regularly, which can act as a catalyst for others to start planning on how to manage their money so that they can work towards achieving their financial goals without much hassle.

**Preeti Naik, Mumbai**



### Strategic investing

This was a very different type of cover story, which was also unusual. I was expecting to see a list of stock to invest in. I was disappointed not to see a list but a sermon on investing. Yes, it did make me think, but I would have liked to read about which stocks to invest in instead of reading about investment approach. While you had mentioned early on in the story that no stocks will be mentioned, such stories work for people like me as a tip on where to invest.

**Sunny Kumar, Delhi**

### Editor's reply

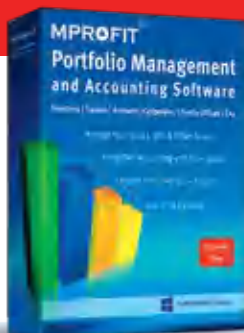
One of the reasons to not do a regular feature on which stocks to invest in was that we anyway share a stock pick every month. We also update the performance of our stock picks routinely in our *News roll* section. Considering your request, we are exploring the possibilities of creating a stock portfolio on the lines of *OLM Elite*, which focuses on mutual funds. Watch out for a section on stock portfolio in the coming months in the magazine.

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**SIDDHARTH RAMAN**, Bengaluru

**I was a non-smoker when I bought a health insurance policy three years ago. Now, at 35, I have started smoking. Do I have to inform my insurer about it when the policy is renewed this year? What will happen if I conceal the fact?**

Usually people do away with a bad habit; you seem to have picked one. Smoking is a choice that you have made and we leave it best for you to be the judge of it. What you need to know is that insurance works on the principle of utmost good faith, which means that when an insurance company receives your proposal form, it underwrites the risk on the basis of the information provided by you and expects that you have stated all the material facts.

As the policy was sold with the premise that you are a non-smoker, if there is a



claim that arises in the future which can be linked to be a result of your smoking habit, the insurer would have the right to reject your claim as you failed to inform them of this new condition.

So, it will be in your good interest to inform the insurer about your smoking habit when you get the policy renewed this year. Depending

on the insurance cover and your age, the insurer may increase the premiums to be paid on this policy. It is important for you to inform any change in your health condition as well. For instance, if you were a smoker when the policy was taken and have stopped smoking now, you should let it be known to the insurer.

**HIMANI CHATURVEDI**, Gurgaon  
**I have ₹10 lakh from which I wish to generate ₹ 20,000 monthly income. Can you suggest the best possible way to achieve this?**

To generate ₹2.4 lakh a year from ₹10 lakh means you are looking for 24 per cent annual return or higher as you are actually looking to derive ₹20,000 income every month. There is no investment that guarantees 24 per cent return so if you are looking to earn such returns by way of investments, it will not be possible. You can consider investing in equity as an asset class and invest directly in stocks or diversified equity mutual funds. The key reason to put your money in equity is because it

is the one asset class that has the potential to earn high returns in the long run. Also remember that equities carry the maximum risk among all investments.

Opt for stocks only if you understand investing in them and can handle it on your own. If not, we suggest you invest in diversified equity mutual funds from the *OLM Elite* list, which we share every quarter in our magazine.

**RAJESH MEHTA**, Ahmedabad  
**What is a critical illness rider and how is it useful?**

A critical illness rider is a limited cover insurance that you can add to your life insurance policy. A critical illness rider covers those illnesses

that are terminal in nature—cancer, stroke, organ failure, coronary artery bypass, and more.

These policies offer an immediate lump sum amount equivalent to the sum assured of the policy in case the policyholder is diagnosed with any of the critical illness covered. You will know the various critical illnesses covered by the insurer when you opt for such a rider, which means anything other than the illnesses mentioned does not qualify for a claim.

But do not treat these policies as a substitute to a general health insurance plan. These complement health insurance policies and should be taken by you as an add on to a general health insurance plan.



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HIMANSHU SONI, Mumbai

**I am 35 and can save ₹20,000 per month. I already have two fixed deposits (FDs) of ₹1 lakh each. Should I make an FD for ₹20,000 each month to save towards my retirement?**

You have some years to go before you retire, which means that you can and very much need to have exposure to equity to grow your savings and investments. If you manage to save ₹20,000 each month consistently for the next 25 years, you would have put aside ₹60 lakh towards your retirement. But, if this sum is invested every month in a mutual fund, which earns even a conservative 10 per cent return, you will amass a corpus of ₹2.46 crore over the same time period.

Your FDs do not seem to be the type to pay out more than 10 per cent interest and you also should factor in the impact of inflation and tax outgo on the interest earned on the FDs. To make the optimum use of your monthly savings, invest this money in a diversified equity mutual fund(s), which has the potential to earn higher than 10 per cent return in the long run to beat inflation and is also tax efficient in a manner that the proceeds from the investments made by you are tax free.

DAVID PAUL, Mumbai

**I took a unit-linked insurance plan (Ulip) and have paid the premium for seven years. I am in need of funds. Should I make partial withdrawal or surrender the policy?**

To get the best advantage under Ulips, stay invested in the scheme through its tenure. If you need some money and have no other source, then you could consider partial or full withdrawal from this plan. As you have completed five years, the withdrawn amount will not reverse the benefits of income tax.



DEEPTI SAXENA, Delhi

**I have recently started working and can invest ₹5,000 per month. Should I open a public provident fund (PPF) account or invest in systematic investment plans (SIPs) of mutual funds?**

It is encouraging to note your eagerness to save and invest money. However, there is a fundamental difference between a mutual fund SIP and a PPF. The investment in a mutual fund is market linked, which means that its performance is not guaranteed. On the other hand, the money deposited in the PPF earns a fixed and guaranteed return each year. The choice of picking one of these will depend on your age, your ability to take risk and the time frame of your investment. If you are open to putting your money in a PPF, which has a 15-year lock-in, you should definitely consider investing through SIP of a diversified equity mutual fund. You will not get guaranteed returns but by investing in a well-diversified equity fund, you will be able to gain far more than what the PPF pays over a 15-year period. If you are seeking the tax benefit that savings in a PPF offer, you can opt for the equity linked savings scheme (ELSS), which is a type of mutual fund wherein investments qualify for tax deductions under Section 80C, as is the case with savings in the PPF. The advantage with ELSS is that unlike the PPF, they have a much shorter lock-in of just three years.



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**MIHIR DOSHI**, Pune

**We are a working couple and invest ₹5,000 each in HDFC Prudence, Reliance Gold Savings, HDFC Midcap Opportunities and DSP BlackRock Top 100 Equity. Are we on track?**

You are investing ₹20,000 a month in four funds. However, the only fund that stands out from this pack is the Reliance Gold Fund, as it invests in gold unlike the other three. If you are a conservative investor, it is not bad to have invested in gold or if you foresee the need for gold in future. Having made a start, you should continue investing in these funds with a three to five-year time frame, as you have not mentioned the objective with this set of funds.

Fund name	Returns (%)		
	1-year	3-year	5-year
HDFC Prudence	-1.42	18.20	11.32
Reliance Gold Savings	-5.44	-9.11	NA
HDFC Midcap Opportunities	7.31	28.57	17.83
DSP BlackRock Top 100 Equity	-3.67	13.27	8.13

Data as on November 24, 2015

**SUPRIYO GUPTA**, Noida

**I have an individual health plan and wish to take a family floater for my parents and brothers. Should I exclude myself from the floater plan or is there a way to combine my health plan with the family floater?**

Your intent is laudable but most family floater plans do not allow the main insured to add parents

or brothers. Insurers allow only spouse, children and parents to be covered under the family floater. So, you can get your parents covered under a floater plan and will need separate plans for your brothers.

**KULDEEP BISHT**, Dehradun

**I plan to transfer my car to my son, is the car insurance also transferable?**

Car or motor insurance is a type of

insurance under which the owner of the vehicle, whose name appears on the registration, is insured. So, if you are transferring the car to your son and the registration has this change marked in it, the insurance can be transferred to him.


**KEERTHI DAS**, Delhi

**We are parents of two-year-old twins and wish to invest towards their education and marriage. What is the best investment plan?**

You should consider investing in equities for their ability to beat inflation and also build wealth over time since your goal is long-term in nature. You can do so by making systematic investments in equities through a portfolio of equity diversified mutual funds. The *OLM Elite* list (featured every quarter) is just apt for you to get started with. Consider investing in the Beginner portfolio so that you can reap the benefits of handpicked funds for the long term. Invest regularly in these funds and you should be able to create the necessary money for your twins' education and marriage.

**KULDEEP SINGH**, Bengaluru

**I am going abroad on a posting and want to save a substantial portion of my daily allowance. I also want to bring this money when I get back. Will I need to pay any tax to bring this money back to India?**

Allowance, as the word suggests, is meant to be spent towards meeting day-to-day expenses. That you are able to major chunk of it and wish to bring it back with you is understandable. However, as per the current tax laws, the amount of allowance that is not spent on ordinary living expenses would be taxable in India. So, do factor this in before bringing in the money with you or remitting it, as you will be taxed on the same. 



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# A matter of dividends

Choosing between a regular and direct investment plan



If you are a mutual fund investor who invests with dividends in mind, you will be in for some surprise with the varying dividends between regular and direct plans of the same mutual fund scheme. In fact, the difference between the dividend payouts of the two forms of investing in mutual funds is quite stark (See: *Varying payouts*). For instance, on August 28, SBI Small & Midcap Fund paid out 43 per cent dividend under its direct plan compared to 36 per cent under the regular plan. In comparison, on August 30, Birla Sun Life Advantage paid out 100 per cent dividend under the direct plan and 200 per cent under the regular plan.

As an investor, you are likely to wonder which of the two options to choose from when investing in mutual funds. There are various theories going around about the difference in dividend payouts being a ploy by the asset management companies (AMCs) to make direct plans less attractive, if the regular payout is more or vice versa. Going by the difference in dividend payouts, it is clear that this is an industry-wide issue as AMCs are supposed to calculate the dividends for each of their

## Varying payouts

Scheme	Dividend payout (in 2015)	Direct plan	Regular plan
		Dividend %	
ICICI Pru Banking and Financial Services	27 February	10.00	30.00
IDFC Premier Equity	02 March	1.54	45.00
DSP BlackRock Equity	16 March	85.00	68.00
Birla Sun Life Equity	17 March	20.00	38.00
HSBC India Opportunities	17 March	15.00	27.00
ICICI Pru Value Discovery	20 March	10.00	33.00
JP Morgan India Mid and Small Cap	20 March	5.00	15.00
SBI Magnum Balanced	20 March	25.00	10.00
BOI AXA Tax Advantage	25 March	7.70	20.00
HDFC Balanced	25 March	25.00	20.00
SBI Magnum Taxgain	27 March	70.00	55.00
SBI Magnum Equity	24 April	70.00	60.00
IDFC Premier Equity	06 May	43.46	0.00
SBI FMCG	29 May	120.00	100.00
DWS Investment Opportunity	25 June	70.00	0.00
Reliance Quant Plus	25 June	47.00	42.00
SBI IT	26 June	70.00	60.00
SBI Small & Midcap	28 August	43.00	36.00
Birla Sun Life Advantage	31 August	100.00	200.00
ICICI Pru Dynamic	30 October	9.00	18.50

\* Highlighted funds indicate where direct plans have a greater dividend than regular plans

plans based on the distributable surplus. A plan's distributable surplus is computed as its net asset value minus its face value, unrealised gains and accumulated unit premium reserve (UPR). The UPR is determined after apportioning realised and unrealised gains in the ratio of the respective assets under management.

As observed, the dividend payout in case of some regular plans is more than the corresponding direct plans because the regular plans have been around for a long time now and also have a large corpus, resulting in the higher dividend payout.

Direct plans, in comparison, have been around only since January 2013 and do not have huge realised gains to distribute dividends among investors.

Yet, some of the direct plans have been able to pay a higher dividend than the corresponding regular plans because they have received more inflows than the regular plans and hence have higher realised gains owing to a higher AUM. Effectively, if a direct plan has paid a higher dividend than a regular plan, it is indicative that such a fund has seen more inflows through the direct mode.

As an investor, ideally you should look for the growth plan instead of dividend plans as you can redeem the units under the growth plan as and when necessary than be swayed by the dividends paid by mutual fund schemes. After all, the dividend paid is from your investment and not through any other mode. If you are the kind of investor who can handle investments on your own, the direct route is a wee bit more convenient than the regular plan and that alone should be the driver for you to select the direct plan over regular plan. If you cannot handle investments on your own, you should stick to regular plans. ■

## Street talk

# Cutting out ambiguities

Lack of financial literacy and awareness is often the cause attributed to the proliferation of Ponzi schemes. Every few years, one comes across Ponzi schemes or collective investment schemes (CIS) that get blown out of proportion before the state government or the market regulator SEBI steps in. Other than low literacy, one major cause for the popularity of such schemes is the simplicity with which these are constructed; so much so even the well educated get carried away.

In order to curb the wild ways of functioning of CIS, the Parliamentary Standing Committee on Finance could propose a common regulator for money pooling schemes. This will clear the ambiguity that currently exists. (See: *CIS Muddle*).

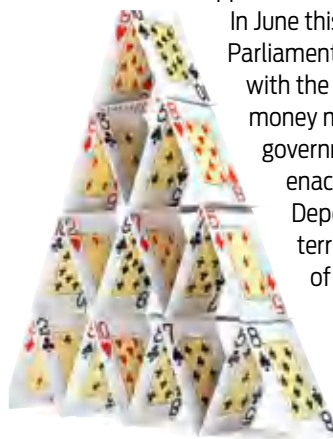
The committee headed by former union minister Veerappa Moily noted that the check on Ponzi schemes came under different regulatory bodies—SEBI, RBI, the Ministry of Corporate Affairs, and state governments. This has only meant that there is no clarity on whom to approach in a crisis.

In June this year, SEBI had informed a Parliamentary committee that, "To effectively deal with the menace of unauthorised and illegal money mobilisation at an early stage, many state governments have enacted state laws. For enactment of a Protection of Interest Depositors' Act by all states and union territories, (we have) written to the Ministry of Finance."

Credit has to be given to SEBI, which has time and again spoken about the perils of Ponzi schemes and taken several schemes to task.

SEBI has also initiated several awareness initiatives and taken steps

to check emergence of such schemes. Accordingly, SEBI made clear to the committee in its statement: "It is to be clarified that unauthorised money pooling are falling under various regulators. Upon completion of examination of applicability of the Sebi Act, (we have) referred 1,438 cases to various agencies, including state governments." Based on these inputs, the Parliamentary Standing Committee on Finance is all set to pass the mandate for a single regulator to focus on Ponzi schemes. ■



## CIS MUDDLE

Scheme	Regulator
Gold schemes	MCA/RBI
Nidhi or Mutual benefit	RBI
Ponzi schemes	State government
Multi-level marketing	State government
Schemes by cooperative societies	State government



## 'Batua' app

If SBI Buddy was for smartphones, the next in line is 'Batua', a mobile wallet app, which will work even with feature phones. Feature phones can access the Internet, and store and play music but lack the advanced functionality of a smartphone. With this offering, the bank hopes to reach out to more mobile phone users and into geographical areas where smartphones are not as prevalent.

Batua will be used to make utility payments, transfer funds and buy air tickets, among others things, and will be available in 13 languages, making it widely appealing. The app can be downloaded from [sbi.co.in](http://sbi.co.in) on the user's desktop and then loaded on to their phone. With this feature, customers using Batua will be able to load, pay and receive



money. Also on the anvil is a basic version of Batua, which will be operational on basic phones that do not offer Internet access and will not entail downloading any app.

## Variety in NFOs

After a considerable gap, there is a slew of new funds awaiting launch. DHFL Pramerica Tax Savings, Peerless Long Term Advantage and Mirae Asset Tax Saver are three such schemes while Axis AMC is launching a fund scheme focusing on investments for children. Peerless also launched its mid-cap fund and Tata AMC announced five new schemes—Tata Banking and Financial Services Fund, Tata India

## Street talk

# Ease of doing business in India improves



According to a World Bank report, it takes 12 procedures and 29 days to start a business in India compared to an average of 15.7 days in South East Asia. Among 189 countries, India holds the 130th rank, up four places from last year's rankings. India's rank in 2015 initially stood at 142 and was revised to 134. In comparison, China has attained 84th rank.

The overall rank is based on 10 factors, which include starting a business, getting construction permits, electricity and credit, registering a property, paying taxes and enforcing contracts, among others. While ranking in terms of starting a business, getting electricity and construction permits have improved, India has slipped 6 places when it comes to getting credit. Most of the other factors have seen no change.

The improvements have been a result of the recent regulatory reforms in India. In May 2015, the government adopted amendments to the Companies Act that eliminated the minimum capital requirement. Now Indian entrepreneurs no longer need to deposit ₹1,00,000, equivalent to 111 per cent of income per capita, in order to start a limited liability company. The amendments also ended the requirement to obtain a certificate to commence business operations, saving business founders an unnecessary step and five days.

Improvements are also being initiated in other areas. For example, to make dealing with construction permits easier, a single-window system for processing building permit applications is being started in Mumbai with the promise of greatly reducing the associated bureaucratic burden once fully implemented. Online systems for filing and paying taxes are being further improved to simplify tax compliance.

This momentum, if sustained over the next few years, will significantly benefit Indian entrepreneurs and, in turn, lead to job creation and economic growth. ■





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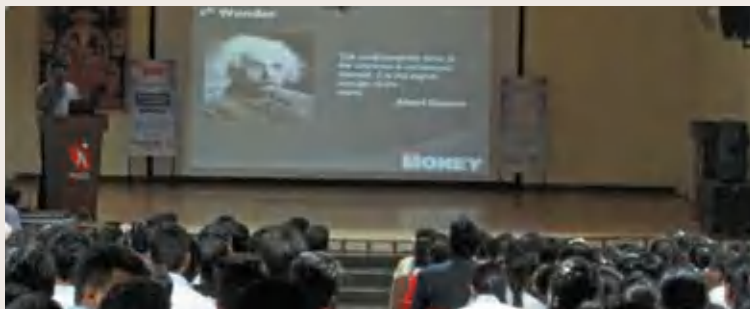
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## Seeding ideas



In our endeavour to take financial education to college students, *Outlook Money* and Birla Sun Life AMC teamed up to visit Rungta College of Engineering and Technology in Bhilai on November 4, 2015. Over two hours, students from different engineering streams attended the engaging session on how they could manage their finances once they got into employment in the near future.

The sessions were interactive with some faculty also joining in to revisit the basics of savings and investments. The objective of the session was to spread the need for financial awareness at an early stage among students so that they can be more hands-on with their finances and not be encumbered by challenges at workplaces when starting their careers.

The sessions were held by K.S. Rao, head-investor education and distribution development, Birla Sun Life AMC, and Narayan Krishnamurthy, editor, *Outlook Money*, on the working of the stock markets and how the students could start investing once they got their first pay cheque. If you wish to have a session in your campus, write to [nk@outlookindia.com](mailto:nk@outlookindia.com).

Consumer Fund, Tata Digital India Fund, Tata India Pharma & Healthcare Fund, and Tata Resources & Energy Fund.

Further, Tata is offering these funds under its 'Own a Piece of India' campaign with the inclusion of its existing Tata Infrastructure fund. With Own a Piece of India, investors can customise their



choice by combining exposure to different segments with 'One Application-One Cheque'. Some other fund houses are looking to launch ETFs like LIC Nomura's Sensex traded ETF, even as Sundaram Mutual extends its Micro Cap Series-X. For SIP investors, the choice has just got wider.

## Benefit illustration

The Insurance Regulatory and Development Authority of India (IRDAI) has issued a directive stating that all insurance products should provide the prospective policyholder a customised benefit illustration, depicting the guaranteed and non-guaranteed benefits at gross investment returns of 4 per cent and 8 per cent respectively. The directive came into effect on December 1, 2015 and is a result of insurers not conforming to stipulated return. Insurers have been asked to place the illustration on the same page as the advertisement. ■

By Aakar Rastogi, Anagh Pal, Himali Patel and Khushboo Rajput

**G.V. NAGESWARA RAO**  
Managing Director and CEO, NSDL

## Going paperless

The National Securities Depository (NSDL) has several path-breaking technology-backed initiatives to its credit. **G.V. Nageswara Rao**, MD and CEO, talks about the latest developments and new initiatives



### ➤ What trends are you seeing with demat accounts?

The pace of demat account growth is picking up and the majority of accounts opened in the recent months belong to new investors. As a result, there has been a spurt in online trading; we are able to see this based on the activity that is reflected in the consolidated account statement (CAS) that we send out. The transaction volumes have also witnessed an increase. Overall, it is a positive sign for us from business point of view.

From time-to-time, several investors who still have physical shares with them realise that they cannot sell their holdings and shift these to demat account. Such inactive investors are few, but they all need to move to demat form for its benefits and convenience.

On our part, our initiative called Market Eaklavya to lure young investors at colleges is proving to be encouraging. We are educating them regarding equity invest-

ments, resulting in several students opening demat accounts and taking up investing.

### ➤ What is the benefit of CAS?

At present, investors find it difficult to have a complete picture of their portfolio. Most investors do not readily know the total value of their portfolio or its composition. They often get different advice from different entities. Unless an investor is well-organised and keeps proper records, he cannot easily compile a list of all his investments.

NSDL has introduced the consolidated account statement (NSDL CAS), which is a single statement of all investments one makes in the securities market, be it equity shares, preference shares, mutual funds, bonds, debentures, securitised instruments, government securities (other than those held in subsidiary general ledger or SGL), commercial papers or certificates of deposit. It offers unparalleled convenience to investors in keeping track of their portfolio.

NSDL CAS provides investors an

insight into their portfolio across various asset classes. It enables them to manage their portfolio effectively through better decision making, simplified monitoring and rich analysis. Investors can get more information about NSDL CAS by visiting <https://nsdlcas.nsdl.com>. In fact, there have been instances where several investors have written to us stating that NSDL CAS has helped them realise a lot of their holdings that they had otherwise forgotten about. Having all investment holdings in a single account helps investors have better control over the way their investments fare.

### ➤ When will the payment banking activity start?

We are excited about this space, and our strength and track record of handling a large volume of transactions will differentiate us. We are also the cheapest and the largest depository in the world. We charge only ₹4.50 on one side for a transaction. So, we will be looking at this aspect of our experience in addressing the issue of currency handling for large organisations. We will enter this space in 2016. ■

**Having all investment holdings in a single account helps investors have better control over the way their investments fare.**

**CHANDRESH NIGAM**

Managing Director and CEO, Axis Mutual Fund

## ‘Investors need a plan aligned to their goals’

Ordinary investors are more receptive to funds that lay out a well-defined strategy and objective, says **Chandresh Nigam**, managing director and CEO, Axis Mutual Fund, in a conversation with **Vivek Malik**



➡ **Tell us about Axis Mutual Fund's new child gift fund and the reasons behind its launch.**

We had been thinking about launching a child fund for a long time and had filed our application with the regulator sometime back with a view to launch a product that is clear in its objective rather than classifying it as equity, hybrid or balanced fund. Most investors don't understand this terminology and probably don't even care for such a classification. They are not interested in knowing the level of allocation to large-caps or mid-caps. All the investor is asking for is a well-defined mandate for his investments. We want to change this jargonised language and tell them what this fund is actually meant for. We wanted to talk to the investors in a language that they understand and link it to their goals, dreams and aspirations. We have done a survey wherein 83 per cent of those sur-

veyed said that their biggest concern is their children's education, going forward. We want to help them plan towards their biggest concern with this product. To give you an example of insurance plans, where there has been a clear cut objective such as insuring a girl child or a targeted group, such policies remain in force for a much longer time. Despite all the efforts over the years, the penetration of mutual funds remains at a lowly 3 per cent. It's high time we engaged the investor in a manner so that his investments become more than just plain investments.

➡ **What are the key features and the lock-in period of this fund?**

Investments in this fund can be made only in the name of a minor child (aged less than 18). There is also a feature wherein the investor can opt for a lock-in, which will be in force till the child turns 18. To our surprise, most investors are opting for a lock-in and that proves what I just said: that investors are looking

for plans, which are aligned with their life goals and don't mind going for a long lock-in period. We are looking at a scenario where the non-lock-in option remains, but majority of the money flows into the lock-in option.

➡ **Speaking of other funds from your bouquet, how do you view the performance of Axis Triple Advantage fund?**

If you look at how one of the underlined asset classes of the fund—gold—has gone down over the last two years, it is par for course considering the ups and downs different asset classes go through over market cycles. Besides, I believe that around 10 per cent of investors' portfolio should have exposure to gold. This has more to do with hedging your investment portfolio. The fund remains a great product; yes, we have been a little disappointed when it comes to the overall returns but with regard to managing it, we have done it brilliantly. The product idea is still relevant and who knows, gold might see a turnaround in the coming months. ■

**Most investors don't care for different fund classifications. All they want is a well-defined mandate for their investments.**



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## Hive of progress

Nashik is inducing realty interest with some promising industrial projects

**S**ituated 200 km away from Mumbai, Nashik nestles comfortably in the lap of picturesque boulevards, nurturing in its pleasant climate. Embodied in the fervour of mythology and culture, it has grown into 'India's most promising city' (as awarded by the First Smart Cities

Council), carrying the beads of industry and pilgrims together and sculpting a personality of its own.

Brewing a sense of serenity and sanctity, Nashik happens to be one of the four cities where the Kumbh Mela is held every 12 years. Situated on the banks of river Godavari, Nashik is home to various sacred

sites, making it a perfect destination for religious tourism. Panchavati, Ramkund, Muktidham Temple, Kalaram Temple, Sundarnarayan Temple, Trimbakeshwar and Someshwar Temple are some of the few places that transcend oneself to spiritual tranquillity. Nashik is also close to Shirdi, one of the biggest pilgrimages in India. Shirdi Sai Temple of Shri Sai Baba is about 80 km away by road.

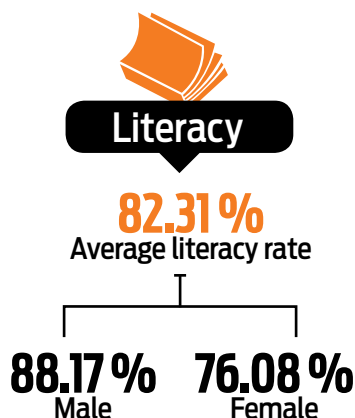
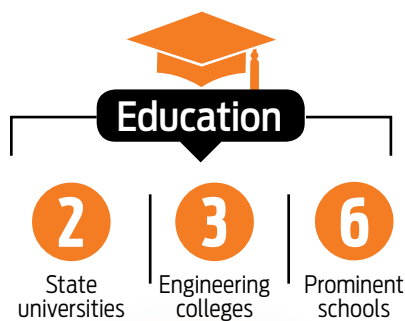
### Industrial cocoon

Nashik has three well-developed industrial estates at Satpur, Ambad and Sinnar. The prominent industrial houses situated in Nashik and its nearby areas include ABB India, Mahindra and Mahindra, Gabriel, Glaxo SmithKline, LG Electronics, Samsonite and Siemens.

Cottage industry has thrived in Malegaon, which is famous for its handlooms and power looms. Carpet weaving in remote areas like Surgana Block has added to the growth of this city.

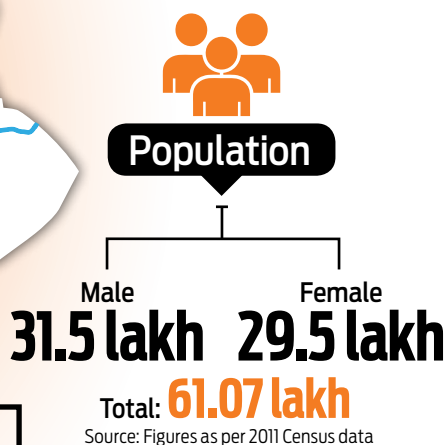
Strong development and industrialisation over the years has led to growth in migrant population in these industrial pockets, spurring the demand for real estate. While Nashik hasn't fully grown into a metropolis, it has all the necessary elements like regular water supply, good sanitation facilities, and intra and inter-city commuting facilities, evincing the interest from both investors and realty buyers alike.

The appetite of realty players is increasing, with various builders having multiple projects in prime locations. One such posh locality is Gangapur road that is situated close to the Gujarat highway. Thackers Developers, Archit Group, Karda Constructions, Samraat Group, and Lalwani Group have ongoing and upcoming residential projects in the area, with prices ranging from ₹3,598 to ₹5,296 per sq. ft. The realty footprint is also picking up pace in Takli road, the area surrounding



## Booming mega-city

Investments are pouring in for Nashik and the city is all set to become the next industrial hub



the Mumbai-Agra highway, which is only 15 km from the Ozar airport. Various projects are also coming up on the Nashik road, with prevailing rates in the range of ₹2,840 to ₹4,095 per sq. ft. Other prominent areas are Indira Nagar (₹2,779-₹4,011 per sq. ft) and Panchwati (₹2,545-₹3,666 per sq. ft).

## Investments galore

Nashik is abuzz with investment opportunities as more and more onshore and offshore industrialists are queuing up to invest here. FDI investment is pouring in and a 2,000 acre China industrial park is being built. The proposed park will have 20 to 30 non-polluting Chinese units and is expected to employ close to 3,000 people.

The central government's project of Delhi Mumbai Industrial Corridor (DMIC) includes Nashik's Igatpuri and Sinnar areas, where nearly 20,000 hectares of land development will be done. One of the five mega industrial cities planned along DMIC will also come up here.

These mega projects that are in the pipeline would take Nashik to new heights of development. What works in Nashik's favour is its proximity to Pune and Mumbai. The industrial and infrastructure development has picked up pace and Nashik has been the hotbed of growth, contributing a significant chunk in Maharashtra's development.

While its pilgrimages and culture hold its fort, the city, with its fast-emerging investments from all over the world, is inducing massive realty interest and turning itself into country's next industrial hub. ■



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# Equity route to your destination



Nilesh Shah, MD,  
Kotak Mahindra Asset  
Management Company Ltd.

## Equity investors should let experts manage their money and stay for the long haul

I have been often asked this in various forms, “How do I make money from the equity market?” And my answer, in varying lengths, is the same: “By letting experts manage your money, by seeing equities as a thing for buying a piece (share) of business, and by staying with it for long.”

Somehow, for some reason or the other, we don't seem to bring in our experience and insight into equity investment, which we otherwise practise so indifferently in our daily lives. To give you an example, let me illustrate our train travelling habits and contrast this with our investing habits.

If and when we travel by train, especially if we are travelling long distances with our family, our usual modus operandi is: we fix our destination, we fix our travel dates, we check the train and the timetables, we pre-book the tickets, we plan the to and fro from home and station, and we also plan the routine a day before travel.

Contrast this with our equity investment. Most of us don't know why we are investing, by when do we want that investment back, what is the investment schedule, what is the medium through which to take that investment, and how to structure our payments around it.

Most of us plan in detail for a two-three week long travel. However, we don't plan our investments for our post-retirement journey.

### WE MUST HAVE:

- A plan for our investments
- An investment process
- An investment objective

Our investment objectives must correspond with the objective of the equity fund we want to invest in.

Many of us are willing to pay a premium to the travel agent to arrange these travels for us. On the other hand, many of us would be hard-pressed if we were to give even a nominal fee for good investment advice to the financial advisor. And the contrast doesn't end here.

Were our train to get delayed, travel slow due to bad weather, or stop in middle of nowhere due to a red



signal, we do not shrug and leave the train. We check and enquire but we wait for we know that the train will finally take us to our destination. But it's not the same with equity. If the market has run-up too fast, we want to book profits. If the market has declined, we want to stop our SIPs and investment plans. If the market is not moving anywhere, we want to switch funds.

We must know and appreciate that equity is a long-term performer, so these short-term red signals and pull backs are in fact buying times and not the time to exit and run. But we exactly do that with no regard for the long-term goal of reaching our financial destination.

There is another variant. If we dislike train halts, stoppages, stations, different quality of trains and a one-off accident, we do not completely abandon travelling by trains. We know that trains are far safer and more reliable than most other means of commuting for long journeys.

However, we do not extend the same courtesy to equities. Equity volatility completely dissuades many investors who choose a slow moving vehicle of fixed income investment. This, while knowing fully well that equities will outpace and outperform fixed income investment in the long run.

So I will conclude with the same assertion: let experts manage your money, see equities as a thing for buying a piece (share) of business and stay with it for long. ■



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## GRUH Finance

➔ **CMP: 250.65** ➔ **PE: 41.29**

\*As on 24 November

# Niche focus pays off

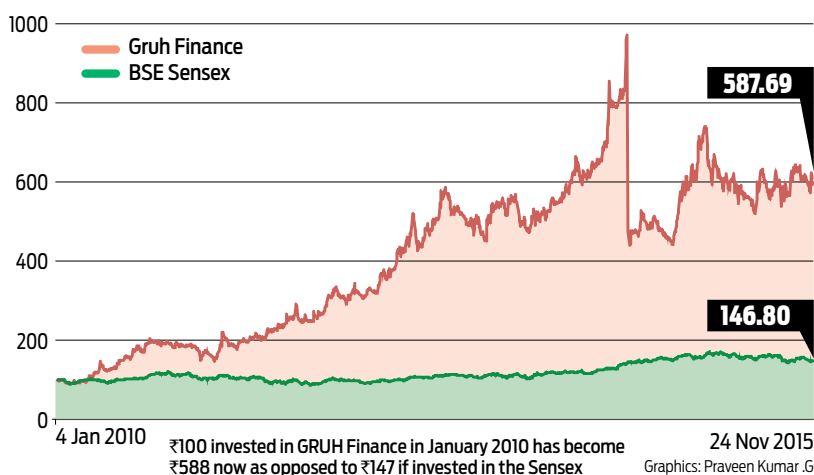
Huge demand is foreseen for EWS and LIG segments offering ample opportunity for GRUH Finance to grow, says **Himali Patel**

## Why buy

- Good track record of financial and operating performance
- High potential of scalability due to massive opportunity in the affordable housing segment
- Strong parentage of HDFC along with best-in-class return ratios
- Excellent asset quality due to stringent credit monitoring norms

## Watch out for

- Interest rate and liquidity risk



## Financials

Net Sales (₹ crore)		PAT (₹ crore)	
FY15	1,060.31	FY15	203.80
FY14	845.69	FY14	176.96
FY13	650.44	FY13	145.88
OP (₹ crore)		EPS (₹)	
FY15	979.86	FY15	8.17
FY14	790.54	FY14	9.82
FY13	603.20	FY13	5.61

OP: Operating profit; PAT: Profit after tax  
EPS: Earnings per share

**E**stablished in 1986 as a subsidiary of HDFC, GRUH Finance is a leading housing finance company (HFC) and is recognised by the National Housing Bank (NHB). It provides loans for purchase, construction and extension of homes.

GRUH focuses on providing home loans to families in the self-employed category where formal income proofs are not easily available. Apart from extending home loans, GRUH offers loans for purchase and construction of non-residential properties (NRP) and also offers mortgage loans against existing residential and commercial properties. Developer loans, too, are offered but on a selective basis.

GRUH also offers home loans under the Rural Housing Fund (RHF) scheme of NHB wherein

loans are given in rural areas for select categories such as backward classes, minority community, women owners and families with annual income of less than ₹2 lakh. GRUH has a network of 171 retail offices across eight states.

## Strong financial performance

GRUH's net sales and net profit clocked a compounded annual growth rate (CAGR) of 27.75 per cent and 24.20 per cent, respectively, over FY 2010-15. The CAGR loan book growth was 29 per cent over FY 2010-15. It was made possible due to GRUH's presence in the affordable housing segment in rural areas, which provides pricing power on the asset side along with cost of funding at par with large HFCs, and impeccable asset quality. The net

NPAs as on September 30, 2015, stand at ₹19.62 crore or 0.20 per cent of the loan book.

## Expanding opportunity

Given the strong demand and shortage of housing in urban and rural areas, players like GRUH Finance have ample opportunities to grow. Most of the shortage is seen in the economically weaker sections (EWSs) and low income groups (LIGs). In the 'Housing for All by 2022' scheme, the centre is trying to bridge the affordability gap. To make it more inclusive, the centre has also raised the income ceiling for EWSs and LIGs. The company's scrip has given around 18 per cent annual return since January 2010. Those looking to invest in the stock can do so with a long-term view. ■

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# Reassessing life insurance

Life insurance needs to keep pace with your life stages, it should never be a one-time call



**L**ife insurance is a financial instrument that can make sure your family does not bear financial shocks in your absence. At every stage in your life, life insurance needs will change, which means it cannot be a one-time decision to buy insurance. You cannot adopt a 'fill it, shut it, forget it' attitude. You need to review your life insurance needs regularly to ensure that you are adequately insured and your financial dependents are well covered for.

A good way to re-evaluate your life insurance requirement is to check your insurance needs at different stages in life. For instance, you should reconsider life insurance when you marry, have a child, buy a home or even when your income goes

up significantly. Basically, every time your financial responsibilities and liabilities increase, you need to review your life insurance needs. Here are some instances when you must reconsider your existing life insurance cover and act accordingly:


**Life stage:** Significant life changes like birth, marriage, death or divorce call for a recheck of your life insurance needs. At each of these instances, there is a financial impact concerning you and your dependents. So, when a child is born, you need to increase your insurance cover and, when the children get married and are settled, you should reduce it.

**Liabilities:** While buying a house is creating an asset, doing so with a loan is


taking on liabilities. Make sure you increase your life insurance cover when you are taking a loan for a house or business. A proportionate increase in life cover for the period of servicing the liability will see you through.

**Retirement:** Ideally, when you retire you have no financial obligation, which means you should not have any life insurance in this phase. However, if you have a spouse who may need money apart from what you have saved for your life in retirement,

continue a policy so that the spouse would be financially comfortable in your absence.

**Career shifts:** Every time you have a sizeable increase in your income, you should check your life insurance needs. Most often, rising salaries also indicate rising expenses, which will continue even in your absence. To make sure your financial dependents are taken care of, review your life insurance every time you have a career shift. 

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A night scene of a Rann Utsav tent with a full moon in the sky. The tent is illuminated from within, and the sky is dark with some clouds. The tent has a large, pointed roof and is decorated with lights and patterns. The overall atmosphere is festive and celebratory.

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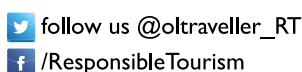


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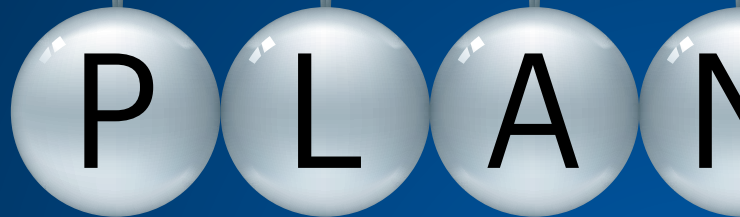


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Rann Utsav in Kutch  
18<sup>th</sup> Nov 2015 to 29<sup>th</sup> Feb 2016



Tax planning is not tax evasion. It is not blindly putting your money into the first tax-saving instrument that you can lay your hands on. It involves sensible planning of the various sources of your income and investments


By: Anagh Pal, Himali Patel,  
Khushboo Rajput, Kritika Srivastava and Shipra Sharma





**Y**ou are a taxpayer and you are the chosen one. In a nation of 125 crore people, you fall in the elite 3.2 per cent of the population or 4 crore people who file their tax returns. And, if you earn more than ₹5 lakh a year, you fall in the exclusive category, as about 75 per cent of those who pay taxes have reported their income to be less than ₹5 lakh. This story is for all taxpayers who, despite the odds, have an opportunity to legally minimise their tax liabilities.

Yet, most taxpayers do not treat their contribution seriously. Tax planning is seen more as a chore than a way to not just save taxes, but also make the most of it. At the highest tax bracket of 30 per cent, the most popular tax savings under Section 80C of the Income Tax Act help you save ₹45,000 on investments of ₹1.5 lakh. However, under the 10 per cent tax bracket, the savings work to ₹15,000 only. Going by our interaction with those in the lower tax bracket, there is hardly any money left with them after their essential living expenses to consider setting aside any money towards tax savings.

As you will read in the following pages, tax planning is not difficult. It is, in fact, easy as long as you do not complicate it. It can be practiced by everyone and with very little time commitment as long as you take it seriously, something that you should. You will also realise that by aligning a lot of your financial goals, including essential costs on your child's education and repayment of home loan, you will not only optimise your tax outgo but will also be closer to achieving your financial goals. Here is hoping you save tax wisely this year. 

# Get Tax Smart

Make the best of the available options that help you optimise your taxes

## Tax savings

At the highest tax bracket, you can optimise your tax outgo even with your stock market gains or gains from sale of property and any interest income



You have the money to explore options within the Section 80C menu like home loan repayment and contribution towards NPS



You can optimise your tax liability through:

- Medical expenditure
- Staying in a rented accommodation
- Travel expenses
- Housing loan interest
- Other allowances
- How much to invest to save tax?
- Change of job



**A**s yet another year comes close to an end, for most of us who are salaried, the tax-saving avenues beyond the mandatory provident fund deduction seems far away and the last thing on one's mind. Even though the tax-saving season will come to an end in March 2016, now is still a good time to take a look at your financials and fine-tune your tax-planning strategy. We explore a few last-quarter tax-saving options, which will help you save as much of your hard-earned money as possible.

There are several tax-saving opportunities that exist for taxpayers from standard deduction towards house rent allowance (HRA) and travel expenses by way of conveyance allowance to medical reimbursements. However, the bulk of action is visible within the ubiquitous Section 80C under which you can save and invest money to claim income tax deductions. Says Mumbai-based Purnima Diwakar: "I go with savings in LIC, which I trust and find easy to understand compared to other tax-saving options that are available." Broadly, within the range of various tax-savings options under Section 80C, the ones that are tilted towards savings and investments can be divided into those that have market-linked returns and those that have fixed returns.

## PROBLEM OF PLENTY

The choice under Section 80C includes your contribution towards provident fund (PF), which is the monthly amount deducted from your salary as your contribution towards the Employees Provident Fund Scheme or Recognised Provident Fund. There is also the investment in public provident fund (PPF), where the account matures in 15 years and one has to save at least ₹500 each year. You can also purchase National Savings Certificates (NSCs) from the designated post offices.

# Hard to believe Dad was once a *little kid!*



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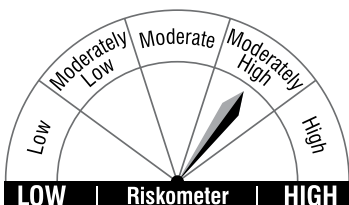
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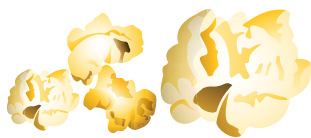
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## PURNIMA DIWAKAR, 28, AND AVINASH KUMAR, 29 Mumbai

Although the couple saves and invests beyond the mandatory ₹1.5 lakh each towards tax savings under Section 80C, they do not have any equity investments.

**We find LIC to be extremely trustworthy for tax saving, with the rest mostly going towards what we can claim from the home loan repayment.**

This year, also included is deposits into Sukanya Samriddhi account for a girl child. The amount deposited earns an interest of 9.2 per cent, and the interest is fully exempt from tax. A minimum of ₹1,000 must be deposited in a year. Receipts on maturity from the account are tax-free.

Among the market-linked products to claim tax benefits are unit linked insurance plans (Ulips). You can also invest in equity linked savings scheme (ELSS), which is a type of equity mutual fund in which investments qualify for tax deduction under Section 80C. These funds have a three-year lock-in period. You can also contribute to notified pension fund offered by mutual funds and National Pension System (NPS).

## TAXPAYER CONCERNS

Irrespective of one's age or risk profile, the propensity amongst most taxpayers is to explore the fixed-return option. The bias towards fixed-return savings is two pronged—most taxpayers find these less risky and the assured returns seem far easy to accept than market-linked returns. "I had a PPF account that matured and trust the straightforward NSC-type option for its simplicity and ease of handling," stresses 54-year-old, Delhi-based advocate Meenakshi Singh. She falls in the 20 per cent tax bracket and recounts her not-so-good experience of investing in an ELSS.

The lack of confidence in exploring equity-oriented tax savings is mostly due to lack of knowledge as many wrongly think investments in ELSS reflect the stock market movements. "I have savings in LIC,

In fact, premiums paid towards a life insurance policy qualify for deduction under Section 80C, as specified in the policy. You can also claim your children's tuition fee paid to any school, college, university or other educational institutions situated within India (for the purpose of full-time education of any two children), including payments for play school, pre-nursery and nursery. You can also deposit money into five-year deposit schemes in post offices and banks as well as Senior Citizens Saving Scheme, if you are in that age group.

Then there is the principal repayment on loan for purchase of house property—payments of instalments or part payments or repayment of loan taken for buying or constructing residential property.

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**Maximum tax savings under Section 80C**

Photo: SOUMIK KAR





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## MOHIT SRIVASTAVA, 22 Bengaluru

Despite a head start, he has focused more on the usual PPF and life insurance modes to save taxes, which deprives him of the opportunity to do better with his money in the long run.

**I have plans to invest in ELSS this time and understand the benefits of listing out financial goals and trying to match them with tax savings.**



Photo: RAJUMAR. S.

post office schemes and insurance, which exceed the ₹1.5 lakh limit,” says 26-year-old Ghaziabad-based Parijat Pande. Though he is thinking of putting money in the NPS, it is more to do with the additional tax deduction of up to ₹50,000 that one can claim by putting money in this long-term retirement savings plan.

Another bachelor, like Pande, has no equity exposure with his tax savings. “I am comfortable with insurance and PPF, and my company covers for medical insurance, which means I don’t need to put money in a health policy to save taxes,” says Bengaluru-based 22-year-old Mohit Srivastava. Both these youngsters do not realise the potential benefits that an equity-linked tax-saving option can offer to their finances in the long run besides helping them optimise their tax liabilities in every financial year. For

instance, if ₹1.5 lakh is invested each year as part of tax savings for 30 years, at 9 per cent annual returns, which is marginally higher than what the fixed-return tax-saving instruments pay, the cumulative ₹45 lakh invested over this time will be worth ₹2.28 crore. However, if the same amount was put in an equity-oriented tax saver, earning even a marginal 3 per cent more at 12 per cent, the wealth it would create works to over ₹4 crore, not to forget the tax-saving benefits in this period. There are several advantages of investing in the ELSS to save tax and build wealth, which you can read in detail on page 56 (Read: *Advantage ELSS*).

“The home loan repayment takes care of most of the tax savings other than the mandatory insurance and PF contribution,” quips 29-year-old Avinash Kumar, Purnima’s husband.

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## Benefiting from taxes

There are the usual standard tax-saving options available for every taxpayer and then there are certain benefits that are tax-efficient, being offered by employers to their employees. Many of these are rather uncommon and some of them are even considered grey. Based on my experience, I am sharing the list of options that you can check with your employer to make your salary more tax-efficient.

**Uniform allowance:** Tax laws provide for tax benefits on 'uniform allowance'. In line with the changing times, some companies which require their employees to be dressed in strict formal attire, provide their employees an 'attire allowance'. This allowance is considered tax-free to the extent the employees submit the bills for purchase of such formal attire.

**Health club allowance:** Some companies offer health club allowance to their employees. This is considered as tax exempt to the extent that health club membership bills are submitted by the employees.

**Reimbursement of telephone expenses:** Reimbursement of telephone expenses, which is considered a tax-free perquisite, is also gaining popularity especially since many employers expect their employees to be available beyond office hours.

**Gift vouchers:** Some companies offer their employees to receive a part of their salary by way of gift vouchers for an

amount less than ₹5,000. These vouchers are tax-free. A number of companies also offer meal vouchers of ₹2,400 per month. This too is exempt from tax.

**Professional pursuits allowance:** Allowances paid for encouraging academic, research and training pursuits in educational and research institutes are exempt from tax, and some employers offer an option to their employees to receive a part of their salary in the form of such allowance.

**Contribution to NPS account:** An increasing number of companies have started providing an option to their employees to receive a part of their salary in the form of company's contribution to employees' NPS account.

These contributions, up to 10 per cent of the employee's basic salary, are exempt from tax. Typically, the high-salary earners prefer to opt for this.

**Car lease and reimbursement of car-related expenses:**

Another tax-saving salary component, which not many are aware of, is in the form of provision of company-leased car and reimbursement of car running expenses, including driver's salary. Note that if the car is owned by the employee then the reimbursement of car running expenses hardly fetches any additional tax benefits. The tax savings for employees opting to purchase their new car through this scheme are significant and, therefore, employees find such schemes very attractive. ■





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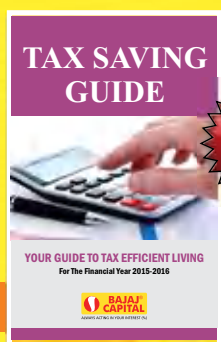
## Saving Tax Can Help You Reach Your Financial Goals

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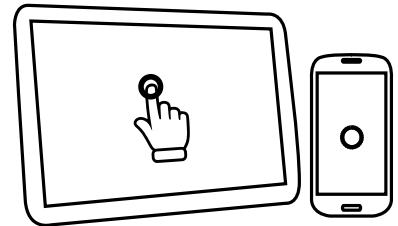
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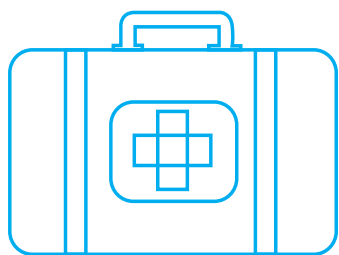


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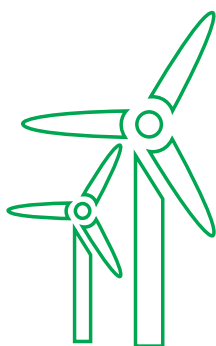
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**TATA**  
**mutual**  
**fund**

isks, read all scheme related documents carefully.



## MEENAKSHI SINGH, 54 Delhi

Understandably, at her age, she is averse to putting her tax savings into anything other than fixed-return instruments. A smart move that she made is to take a health insurance policy for ₹5 lakh.


**I had once invested in a tax-saving mutual fund, but feel it's not meant for a person like me.**

exemptions, deductions, rebates and allowances while ensuring that your investments are in line with your long-term goals.

The first step towards optimising your taxes is to list out the essentials that you have to meet; for instance, there is little room for manoeuvring if you are salaried on the PF contributions. Deduct the annual PF contribution from ₹1.5 lakh to know how much more you can deploy towards tax savings. If you are servicing a home loan, prioritise to claim the most towards this financial commitment. If you have children who are studying, utilise the money towards their tuition fee to reduce your tax liability.

Once these essentials are taken into account and you are still left with money to save taxes, check your life insurance needs and buy appropriate term insurance and nothing else. This type of insurance will protect your family and dependents in case of exigencies. If you are still left with money to save taxes, deploy the sum towards an equity-oriented option, preferably the ELSS for its short lock-in, though you can stay invested in the scheme like another open-ended diversified equity schemes.

You must also take health insurance for yourself and your family, for which you can claim tax deductions under Section 80D. From this year onwards, you can claim additional tax deduction of up to ₹50,000 under Sec 80CCD(1B) towards contribution in the NPS.

Having seen the benefits of aligning your financial plans to tax plans, you can choose the most suitable tax-saving instrument. The more prepared you are, the better off you will be especially if you are worried about owing money to the tax authorities, who are very efficient in collecting taxes. 

Not yet 30, the couple have managed to use their tax savings judiciously towards repaying their home loan. If it had been planned well in advance, the duo could have borrowed to optimise their respective tax liabilities and, at the same time, repaid their home loan.

## SMART TAX PLANNING

Where most taxpayers go wrong is by focusing on tax planning as an activity in isolation. Tax planning is an essential part of financial planning, as efficient tax planning enables you to reduce your tax liability to the minimum. This is done by legitimately taking advantage of all tax

Photo: GIREESH. GV

**₹50,000**

**Additional deduction  
on savings in NPS  
under Section 80  
CCD (1B)**







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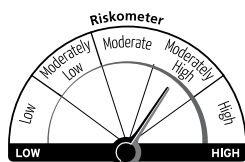
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- Investment predominantly in equity and equity-related securities



Investors understand that their principal will be at moderately high risk

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

**Mutual fund investments are subject to market risks, read all scheme related documents carefully.**

CL01885

# Tax planning strategies

Try these stylish moves to be in full control of your income tax liabilities

**J**ust the way a swiss army knife has its multiple benefits, the same can be said of your tax savings, if done cleverly. For instance, instead of addressing tax savings at the end of the year, make it a habit to do so at the beginning of each financial year. This way, you will have the time to think over how to deploy funds in instruments that work for you. Likewise, if you broadly split your tax

savings into asset classes like equity and debt, they can match your risk profile and the most ideal asset allocation suited to you. This way, your tax saving option is tuned to work for you, forever.

If you are living in a rented accommodation, you can claim house rent allowance (HRA) by submitting the rental receipts or a copy of rental agreement with your employer. Note, if the annual rent exceeds ₹2

Photo: GIREESH. GV

## **DR HIMANI BHASIN,** **28** Delhi

This paediatrician has not diagnosed her finances as well as she could have. The fixed return-type tax savings that she has opted for is like preventive medicine and not a long-term cure for her finances.

**I want to align my financial plans with tax savings, but I am not aware of the options that I have to realise such an outcome.**





lakh, then you are required to provide your landlord's PAN as well. Avoid the mistake of getting carried away by paying rent to your spouse or to anyone for the house which you own. However, if you are living in your parent's house, you can pay rent to the parent on whose name the house ownership is. Try and limit the rent that you pay to less than ₹2 lakh, to make it tax efficient for your parent as well.

"I have saved tax by putting money in PPF, NSC, and bank fixed deposits," says Delhi-based Dr Himani Bhasin. She also confesses that she did not realise that these could be planned well in advance or to suit a plan that will work in her favour. Although her current tax savings are in fixed-return financial instruments only, and they, at best, just about manage to meet inflation. This means the taxpayers' purchasing power is met in years when inflation is below the fixed interest rate, but it loses even that in years when the inflation rate is more than the fixed return on these instruments.

Yet, these fixed-tenure tax savings can be a great tool to use for those approaching retirement or those already retired. For instance, the maturity of the NSC or the tax-saving FD can be used to create an income stream in years when it matures. So, if you are looking to use the entire ₹1.5 lakh into a fixed-return tax saver, you could put ₹12,500 each month in a financial year into a five-year lock-in product in such a manner that on completion of five years, the maturity proceeds will act as an income stream, including the accrued interest.

## JOINT FAMILY MOVE

The Chaddhas of Noida, 43-year-old Tamanjit and his 39-year-old wife Amrata, run their own business and usually plough whatever profit they make back into the business, and also some of their own savings. "We do our usual tax savings by way of investments and savings in FDs, PPF and mutual funds, but most of the money after the mandatory tax savings goes back into



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# Is there such a thing as a

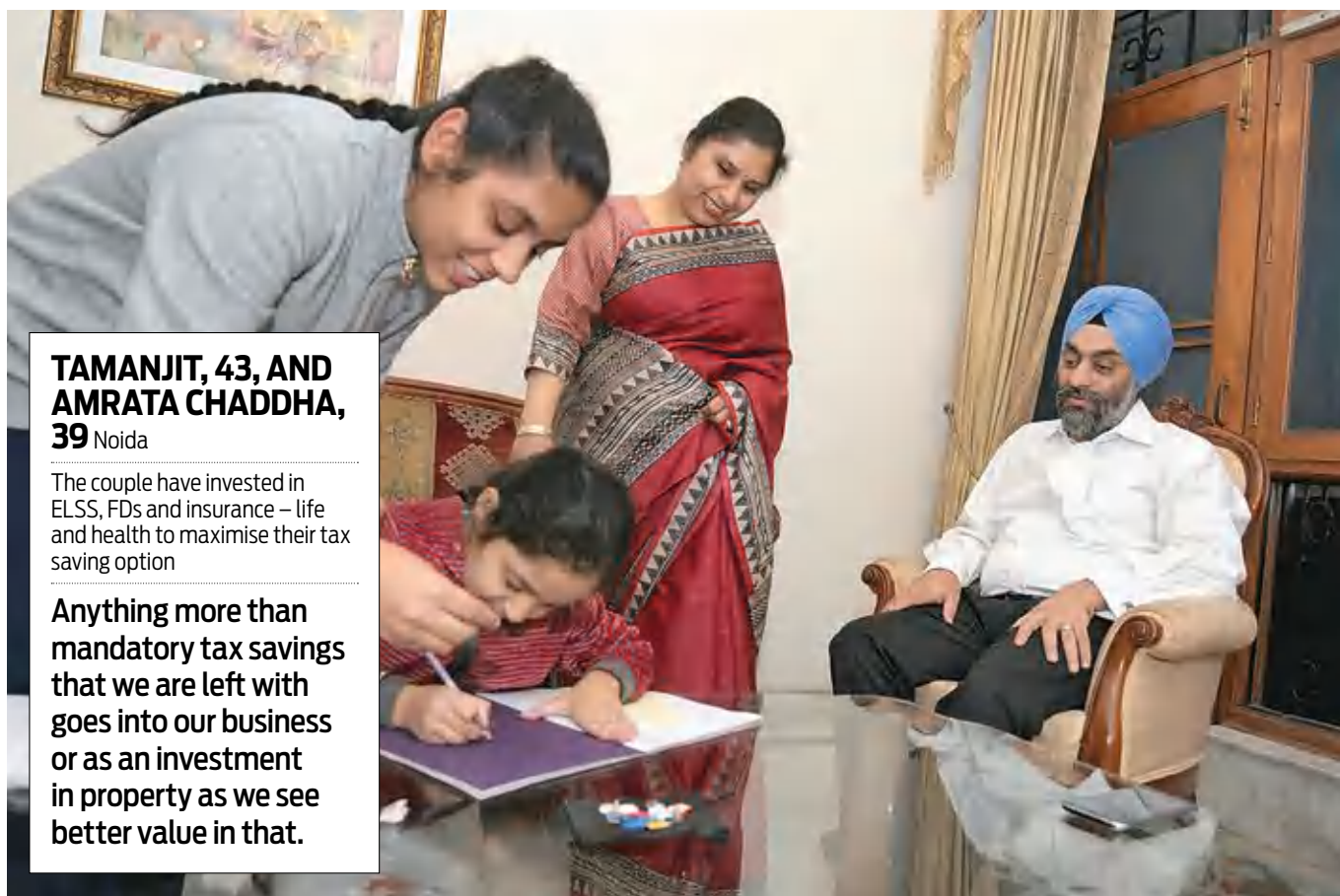
# Good EMI?



SONOCHQUARE 1041

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**TAMANJIT, 43, AND  
AMRATA CHADDHA,  
39** Noida

The couple have invested in ELSS, FDs and insurance – life and health to maximise their tax saving option

**Anything more than mandatory tax savings that we are left with goes into our business or as an investment in property as we see better value in that.**

Photo: GIREESH. GV

the business,” explains Tamanjit. There is an opportunity that the Chaddhas are not using at the moment by way of creating an HUF (Hindu Undivided Family). This is a very effective and legal way to save tax as the Chaddhas, like many other Indian families, are undivided and the incomes earned by such families are considered joint incomes as compared to individual incomes and are taxed in the hands of the whole family. The family as an HUF can have a separate PAN and claim tax deductions the same way as individuals do.

A point to remember is that an HUF can earn income from all sources except salary. It can invest the initial corpus as well as gifts received subsequently to start a business and earn profits or capital gains. Ancestral property held by HUF can be let out to earn rental income. In fact, the HUF arrangement especially suits taxpayers who have income from ancestral property and expect to inherit financial assets. Such taxpay-

ers will be able to divert the inheritance to the HUF, thus preventing taxation on such income in their hands at their maximum marginal rate.

## POWER OF COMPOUNDING

Delhi-based 30-year-old Sanjeev Tanti falls in the highest tax bracket and invests in equities, but is yet to put his money in ELSS. “I am not convinced about these tax-saving options and prefer the time-tested PPF and NSCs,” he says. Tanti has probably not heard what famous physicist Albert Einstein had said, “the most powerful force in the universe is compound interest”. You can benefit from the same with a few intelligent tweaks to reduce your tax liability and, at the same time, benefit from the power of compounding. One way to gainfully use this short three-year lock-in period is by planning it in a manner that it creates an income stream in later years,

**₹10,000**


**Above which interest from bank, PO or company deposits trigger TDS**





while also acting as a tax-saving instrument simultaneously.

Another way is to invest the entire ₹1.5 lakh tax savings under Section 80C into an ELSS plan for three consecutive years and be set for magic. In the fourth year, you have the right to redeem the first year's ELSS investment, which will be tax-free. This redeemed sum can be re-invested as fresh investments on which tax deductions can be claimed. This way, without committing fresh capital, you will have a long-term tax saving cycle, which will also free you of any fresh capital. This way, you set a perennial tax-saving mechanism in an ELSS scheme that not just saves you taxes, but also frees you from making any fresh investments after the initial three years.

We often ignore the obvious and look for ways to save taxes in the most mundane and obvious ways. Nothing wrong with it; however, with some deft handling of finances, you can realise that even tax savings, when used effectively, can make a real big difference to your finances. 

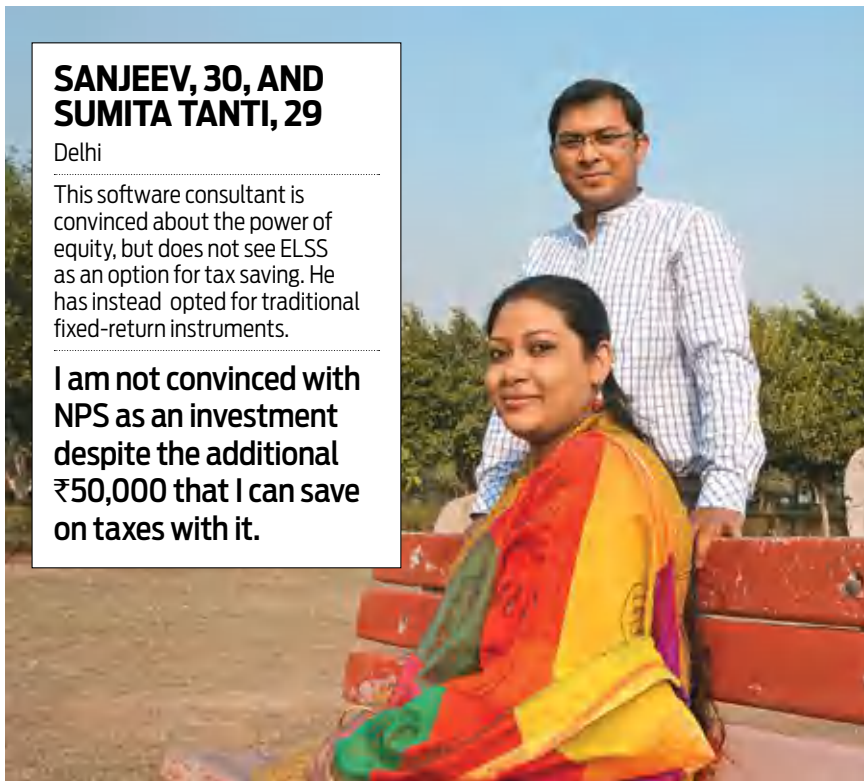
## **SANJEEV, 30, AND SUMITA TANTI, 29**

Delhi

This software consultant is convinced about the power of equity, but does not see ELSS as an option for tax saving. He has instead opted for traditional fixed-return instruments.

**I am not convinced with NPS as an investment despite the additional ₹50,000 that I can save on taxes with it.**

Photo: GIREESH, GV



# How much is your **Good EMI?**



SOHOSQUARE 1050

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# Advantage ELSS

The dual benefit of tax savings and wealth creation makes these funds a superior investment option within the tax savings umbrella

**M**ention equity investments and chances are most taxpayers will look the other way. No wonder when it comes to income tax, the focus is more towards savings than planning taxes efficiently, which leads to suboptimal usage of the available tax deductions. One of the biggest challenges that every taxpayer faces is to preserve the value of his money; basically ensure that it does not lose its worth, which is possible only if it beats inflation. The only known asset class that beats inflation in the long run is equity and it is for this reason that every taxpayer should make the most of the available tax deduction that can be deployed in suitable equity instruments.

The positioning of the equity linked savings scheme (ELSS) is unique within the universe of instruments in which one can save and invest to bring down the income tax liability. ELSS is also the most unique mutual fund scheme as it is open for investments to only individual taxpayers and HUFs (Hindu Undivided Families). This diversified equity fund is approved by

the Central Board of Direct Taxes (CBDT) to qualify as a tax-saving instrument. So, investments in this fund qualify for tax exemption under Section 80C of the Income Tax Act, 1961.

The mutual fund structure ensures that these funds come with the dual advantage of capital appreciation and tax benefits. It also comes only in the growth option, so there are no complications of dividends and reinvestments when it comes to ELSS. What this means is that by investing in ELSS, you effectively hit two birds with one stone—you can claim deductions under Section 80C when investing in these schemes and you also get to experience the potential of equity investments through a mutual fund.

## EQUITY EXPOSURE

Compared to other fixed-return options, ELSS is the only option with significant equity orientation as a tax saver. Though the National Pension System (NPS) and even Ulips have equity exposure, it is never as high as what ELSS tends to have. ELSS has a minimum exposure of 65 per cent to equities compared to the maximum exposure of 50 per cent allowed under the NPS and 40 per cent in retirement plans from mutual funds (See: *For a better retirement*). If you look a bit deeper into the equity allocation of some of the ELSS, it goes as high as 80-85 per cent, or more. Yes, this does expose your investments to higher risk, however, the three-year lock-in when investing in these funds buffers the risk significantly.

Further, each tax planning fund is constructed differently, which means there is choice with varying degree of risk when investing in these schemes. Keeping this in mind, the *OLM Elite* has a mix of ELSS that

## ASHWANI KUMAR,

Fund Manager-Equity Investments,  
Reliance AMC



**The focus is on investing in companies with strong earnings growth potential in the short term and those with a competitive advantage.**





suit the risk profiles of different taxpayers. At present, there are 22 ELSS schemes to choose from, which collectively manage assets amounting to ₹37,290 crore, which is 12 per cent of the equity component of the total industry assets (as per Association of Mutual Funds of India). What this means for you as a taxpayer is that you can use the different benchmarks, portfolios and investment approaches to select a fund that allows you to meet your twin needs of tax saving and wealth creation.

## INSIDE THE ELSS

Like other diversified equity schemes, equity linked saving schemes are also actively managed and have different characteristics, which aid in their performance. To arrive at a wide variety of ELSS that you can consider before investing between now and March 2016, we have hand-picked eight different schemes with varying risk profiles and investment approaches from the ELSS universe. All these schemes are well-diversified equity mutual funds with a proven track

## SHREYASH DEVALKAR

Fund Manager-Equities,  
BNP Paribas Mutual Fund

**Funds with a good mix of mid- and large-caps tend to perform better since opportunities exist across market capitalisations.**

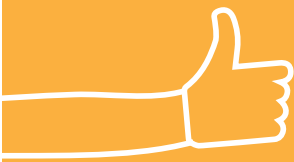


record and history, making them a suitable option for every investor looking to save tax and invest in equities.

For instance, Birla Sun Life Tax Relief 96 has more than 350 stocks available in its investment universe, which are selected based on rigorous and in-depth research. However, the fund's portfolio has about 50 stocks in all, indicating the kind of filtering process that is undertaken to arrive at a portfolio. In contrast, Edelweiss ELSS Fund has about 65 stocks in its portfolio indicat-



**When will  
you start your  
Good EMI?**



SOHO SQUARE 1049

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Fund	1-year return	3-year return	5-year return	10-year return	Expense ratio	AUM (₹ crore)
Axis Long Term Equity Fund	6.27	28.54	18.56	-	2.51	6,510
BNP Paribas Long Term Equity Fund	6.24	22.36	14.47	-	2.82	409
Franklin India Taxshield Fund	5.94	22.62	14.27	16.58	2.39	1,833
Religare Invesco Tax Plan	4.92	22.96	13.36	-	2.78	255
Birla Sun Life Tax Relief 96	8.23	24.08	11.15	14.9	2.38	1,950
Edelweiss ELSS Fund	6.48	20.22	11.22	-	2.89	61
ICICI Prudential Long Term Equity Fund (Tax Saving) - Regular Plan	2.38	22.32	13.14	14.96	2.41	2,782
Reliance Tax Saver Fund	-3.87	24	14.53	15.79	2.37	4,442

\* Returns as on November 23, 2015; Expense ratio as on September 30, 2015 and assets managed as on October 31, 2015.



## JINESH GOPANI

Fund Manager, Axis MF

**We believe in high-conviction investing with a compact portfolio reflecting the best ideas that fit into our investment framework.**

ing the kind of diversification that different ELSS follow. Naturally, the investment approach adopted by each of the schemes is different, depending on the fund's stated objective as well as the investment tactic followed by the AMC and the fund manager.

Says Jinesh Gopani, fund manager, Axis Long Term Equity: "Axis Long Term Equity



is a multi-cap fund with an endeavour to have at least 50 per cent in large-caps and the rest in mid- and small-caps." The fund invests in fundamentally sound companies while being agnostic of its benchmark constituents. In contrast, BNP Paribas Long Term Equity Fund is overweight on private sector banks, telecom and healthcare, and underweight on IT, industrial capex, metals, and energy sector.

"The investment universe of the fund comprises about 220 stocks, which are selected based on the BMV (business, management, valuations) philosophy of investing. The stocks with good business in terms of strong moat, growth and catalyst are selected. Evaluation of management is mainly by way of its aspiration to grow and corporate governance," says Shreyash Devalkar, fund manager-equities, BNP Paribas AMC.

What this means is that the commonality across ELSS is the tax benefits they offer and not the approach they adopt to investing. It is for this reason that performance of ELSS varies, just the way it does for other diversified equity funds. Explains Mahesh Patil, co-chief investment officer, Birla Sun Life AMC: "BSL Tax Relief 96 is a well-diversified fund with a portfolio made up of around 50 stocks across 18 sectors. The fund strives to maintain its 'high quality' by investing in stocks that have superior return ratios and a strong balance sheet."

According to Vetri Subramaniam, chief investment officer, Religare Invesco Mutual Fund: "The investment universe of Religare Invesco Tax Plan consists of unique names



## VETRI SUBRAMANIAM

Chief Investment Officer, and

## VINAY PAHARIA

Fund Manager-Equity,  
Religare Invesco Mutual Fund



**The fund invests in a diversified portfolio, which represents attractive risk-reward payoff over long investment periods.**





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## KARTIK SORAL

Equity Fund Manager,  
Edelweiss AMC

**A three-year lock-in helps manage liquidity risk, which allows the fund managers to explore mid- and small-caps, where trading volumes are low.**

in the BSE 200 Index, the CNX MidCap Index, and three sector indices along with select bottom-up stock ideas. The total universe of stocks for the fund as on September 30, 2015, was 293 stocks, which is the same as that of the fund house."

For retail investors, the lesson when investing in ELSS is to understand that these schemes have high-quality portfolios, which work towards superior risk-adjusted and consistent returns over a medium to long-term horizon, something that is in-line with investor expectations. What's more, you can invest regularly through SIPs or even by way of lump sum investments, and hence plan over the entire year when to deploy money towards tax savings.

## SUITABILITY

Overall, the performance of ELSS funds is less volatile. Says Kartik Soral, equity fund manager, Edelweiss AMC: "ELSS are suitable for investors looking to invest in equities for a minimum period of three years and also looking to claim tax benefits under Section 80C of the Income Tax Act." The lock-in in ELSS funds enforces a disciplined



## GEORGE JOSEPH

Fund Manager, ICICI Prudential AMC

**The fund invests in growth- and value-oriented stocks with focus on fundamentals of the business and the industry structure.**

## For a better retirement

The tax saving option from mutual funds is not restricted to the popular ELSS; there is also a retirement plan offered by a few asset management companies (AMCs). Under these schemes, investors invest for a very long term as early withdrawal by way of redemption is discouraged before one retires, with the standard retirement age taken as 58 years.

Investment in retirement plans qualifies for tax deduction under Section 80C. The schemes have been approved by the CBDT, according to which the scheme can have an investment exposure of

40 per cent in equities and the rest in debt. Although the equity exposure may not seem to be high for long-term investors, for the very long term, even this level of equity allocation over different market cycles should help in creating a sizeable retirement corpus.

These funds work in two parts—first is the accumulation phase when one can invest in these towards building a retirement corpus and also get tax benefits, and the second when the corpus can be utilised as payout in retirement. The payout phase can be in lump sum or work as a regular payout by way of a systematic withdrawal option.

These plans were introduced two decades ago, with UTI Retirement Benefit Pension and Franklin India Pension Fund being the only two funds in vogue till, in early 2015, Reliance AMC introduced a retirement plan, with several other AMCs planning to launch similar schemes. While they have less equity exposure as compared to ELSS funds, these schemes have the built-in discipline to ensure that you save towards your retirement with tax savings and also build a sizeable corpus.



approach to investing and gives fund managers the freedom to explore better investment opportunities.



“The three-year lock-in period gives us the leeway to invest in good companies without worrying about redemptions and instead concentrate on building a good portfolio. Companies take time to grow and expand their business, which, in turn, would reflect in its finances. So, when investing in these stocks, a lot of patience and discipline is required to see the company perform, increase its profits and thereby add to shareholder returns,” explains George Joseph, fund manager, ICICI Prudential AMC, on why the three year lock-in not only helps the taxpayer but also fund managers to make the most of the investments in these schemes.

There is definitely a lot going for these schemes for every taxpayer to consider investing in them. In fact, if you do not have any investment in mutual funds, ELSS is one category where you can start investing, to begin with. It has all the necessary ingredi-

**MAHESH PATIL**  
Co-CIO, Birla Sun Life AMC

## **The three-year lock-in prevents any redemption pressure on fund managers and allows them to take strategic long-term investments.**



ents of that you need in your first fund—it is well-diversified, has a three year lock-in to reign in your anxiety, and comes with tax savings on your investments. For this reason alone, one should consider investing in ELSS because, in the long run, equity is the only asset class that has the potential to beat inflation and build wealth. This fact has been proved by numerous studies. With benefits of capital appreciation and tax benefits, these type of funds can be used by you to align your investment plans with your taxes.

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Photos: GIREESH. GV

**SHREESH, 33, AND  
ANUMEHA BAJPAI,  
28, WITH SON  
SHREYAS** GURGAON

**“You should have enough savings before you think of shifting to another country as they will help you bear the cost of resettlement.”**

## Finding feet

While giving up the comforts of a foreign land was tough, things are slowly falling in place for the Bajpais, finds out **Khusbhoo Rajput**

**O**n a sunny, wintery Sunday in Gurgaon, the Bajpai family of Shreesh, his wife Anumeha and 2-year-old son Shreyas make the subject for a perfect family portrait. At 33, Shreesh is already a veteran in the mining industry, having worked across geographies, and has come back to settle in India. “I am the only son and my parents are getting old, so it was only a matter of time before I had to make this decision,” he says. Although he tried to relocate his

parents to join him in Australia, it did not go very smoothly.

“My wife was also working in those days and we were leading a very busy life, leaving very little time for my parents,” he recounts. Though retired, the senior Bajpais had a life of their own in India unlike the one in Australia, where they had to depend on their son and daughter-in-law for almost everything. They decided to come back to India in 2014. Shreesh, on the other hand, found professional satisfaction and

life in Australia far better than in India. An alumnus of IIT Kharagpur, he had almost made up his mind to stay there forever. It was only natural that both he and his wife took up Australian residency, to avail of the support and benefits that are provided to the citizens.

Anumeha took up a job as a software engineer and found it equally rewarding and satisfactory. Things were good till 2012 when professional advancement resulted in Shreesh leaving his permanent job



in Australia for a contractual opening in Indonesia. "I had specialised in underground mining but the job in Indonesia was in the open cut mining sector. I wanted to give six months to the contractual job before deciding what to do next," he recounts. Although there was no stability in the contractual job, it paid handsomely.

## Change in plans

He left the Indonesian job in late 2012 for a better opening in New Zealand. "The job opening allowed me to try out yet another country," he says. The couple decided to start a family in New Zealand but by March 2013, the company where Shreesh worked collapsed due to environmental issues. Unemployed and facing familial responsibilities, Shreesh thought of coming back to India and starting afresh. However, Anumeha felt it would be better if she delivered



her child in Australia, given the better medical amenities. Shreesh landed a job in Australia in July 2013, which coincided with the birth of their son. Shreesh's parents paid

him a visit in May 2014, but decided against settling there permanently and returned to India in October, the same year. The couple decided to move back to India following that.

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“The Indian mining sector was opening so, in that way, it was a good time to be in India,” says Shreesh. While the entire process of relocation and paperwork, and the anxiety around it existed, they felt they had age on their side to start afresh in India.

By now, the couple had not only accumulated a lot of worldly goods, they also had a small child to think of before planning their next move. It took them some time to decide to settle in Gurgaon, which is close to both their parents’ places—Shreesh’s parents stay in Lucknow and Anumeha’s live in Kanpur. To make the transition smooth, Shreesh

started planning for the relocation six months in advance. He started applying for openings while he was in Australia and landed a job with Adani Enterprises. The company helped him a lot in relocation. “We moved back with just our clothes and a few things that I felt I would not find easily in India. I got them shipped to India and was reimbursed by my current employer,” he says with a sigh of relief.

### Adjustment blues

The process of relocation to India was very different from his earlier experiences in Australia, Indonesia and New Zealand. “You should have enough savings before you think of shifting as those savings will help you bear the cost of resettlement. When you are new to the place, sometimes you end up paying extra for even a plumber or an electrician,” says Shreesh. The city is crowded and traffic is another issue the Bajpais had not factored

in, including pollution, which they are just about coping with. “Nothing is organised and it is difficult to trust anyone easily. I miss the long drives we used to take in Australia. I don’t consider Indian roads to be safe at night,” he says. But that does not mean that he is unhappy with the move. “We like eating out and the variety here is just too good to complain. Besides, we find time for our parents, which was not happening despite the comforts we had in Australia,” he says.

Another reality that has struck Shreesh is the cost of living in Gurgaon, which he feels is quite high. “We could live very comfortably with a single salary in Australia, but it is a challenge here. In that sense, life was easier in Australia,” he adds. He is also looking to get into investing so that he can work on his finances for their long-term stay in India. He already has investments in the form of a plot of land in Kanpur and a flat in Lucknow, but is in no

hurry to buy a house in Gurgaon as he feels prices are likely to fall. "I am also looking for a good time to convert my Australian savings to Indian rupees," he says.

With no state-provided benefits, he has enhanced his medical and life insurance cover, and also taken ₹2 lakh medical insurance for his parents, other than a government-provided cover for his father. "When you are relocating to a new country, buying a medical policy should be your primary concern," says Shreesh. He is also saving each month instead of borrowing money to buy things for his current home. The couple is also fond of travelling and are hoping to explore India with their son in the coming years and take frequent family holidays.

While Shreyas is yet to get into a school, the couple is not really worried about his future as Shreyas is an Australian citizen by birth, which



means his education will be free in Australia. The couple intend to send him there for higher studies once he is old enough. With things finally falling into place, the couple is keen to give time to their relocation to India and make the most of this stint

before facing what life has to offer next. "We want to spend time with our parents for they are at a stage in life where they need us, a trait that we want to pass on to our son as well," quips Shreesh. ■

[khushboo@outlookindia.com](mailto:khushboo@outlookindia.com)

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## Financing India's Future

Loan Assets up 13%

Total Income up 14%

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Net Interest Income up 20%



### Part I: STATEMENT OF UNAUDITED FINANCIAL RESULTS (STANDALONE) FOR THE QUARTER AND HALF YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2015

(₹ in Lacs)

Sl. No.	PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
		30-09-2015 (Un-audited)	30-06-2015 (Un-audited)	30-09-2014 (Un-audited)	30-09-2015 (Un-audited)	30-09-2014 (Un-audited)	31-03-2015 (Audited)
1)	<b>Income from Operations</b>						
	(a) Interest Income	6,89,140	6,70,932	6,15,390	13,60,072	11,97,066	24,58,610
	(b) Other Operating Income	13,062	4,597	8,706	17,659	12,657	27,522
	<b>Total Income from Operations</b>	<b>7,02,202</b>	<b>6,75,529</b>	<b>6,24,096</b>	<b>13,77,731</b>	<b>12,09,723</b>	<b>24,86,132</b>
2)	<b>Expenses</b>						
	(a) Interest, Finance and Other Charges (including Provisions)	4,52,537	4,28,483	4,17,055	8,81,020	7,97,403	16,31,355
	(b) Employee Benefit Expenses	2,243	2,303	2,388	4,546	4,541	8,581
	(c) Depreciation / Amortization	145	130	156	275	303	609
	(d) Other Expenses	1,247	15,661	2,789	16,908	5,916	12,312
	<b>Total Expenses</b>	<b>4,56,172</b>	<b>4,46,577</b>	<b>4,22,388</b>	<b>9,02,749</b>	<b>8,08,163</b>	<b>16,52,857</b>
3)	<b>Profit from Operations before Other Income and Exceptional Items (1-2)</b>	<b>2,46,030</b>	<b>2,28,952</b>	<b>2,01,708</b>	<b>4,74,982</b>	<b>4,01,560</b>	<b>8,33,275</b>
4)	Other Income	207	377	435	584	986	4,548
5)	<b>Profit from ordinary activities before Exceptional Items (3+4)</b>	<b>2,46,237</b>	<b>2,29,329</b>	<b>2,02,143</b>	<b>4,75,566</b>	<b>4,02,546</b>	<b>8,37,823</b>
6)	Exceptional items	—	—	—	—	—	—
7)	<b>Profit from Ordinary Activities before Tax (5+6)</b>	<b>2,46,237</b>	<b>2,29,329</b>	<b>2,02,143</b>	<b>4,75,566</b>	<b>4,02,546</b>	<b>8,37,823</b>
8)	<b>Tax Expense</b>	<b>76,707</b>	<b>71,708</b>	<b>61,285</b>	<b>1,48,415</b>	<b>1,16,862</b>	<b>2,41,890</b>
	(a) Provision for Income Tax	71,607	69,277	61,369	1,40,884	1,19,892	2,50,288
	(b) Deferred Tax Liability / (Deferred Tax Asset)	5,100	2,431	(84)	7,531	(3,030)	(8,398)
9)	<b>Net Profit from Ordinary activities after tax (7-8)</b>	<b>1,69,530</b>	<b>1,57,621</b>	<b>1,40,858</b>	<b>3,27,151</b>	<b>2,85,684</b>	<b>5,95,933</b>
10)	Extraordinary items (Net of tax expense)	—	—	—	—	—	—
11)	<b>Net Profit for the period (9-10)</b>	<b>1,69,530</b>	<b>1,57,621</b>	<b>1,40,858</b>	<b>3,27,151</b>	<b>2,85,684</b>	<b>5,95,933</b>
12)	Share of Profit / (loss) of associates	—	—	—	—	—	—
13)	Minority Interest	—	—	—	—	—	—
14)	<b>Net Profit after taxes, minority interest and share of profit / (loss) of associates (11+12+13)</b>	<b>1,69,530</b>	<b>1,57,621</b>	<b>1,40,858</b>	<b>3,27,151</b>	<b>2,85,684</b>	<b>5,95,933</b>
15)	Paid-up Equity Share Capital (Face value of share is ₹ 10)	1,32,004	1,32,004	1,32,004	1,32,004	1,32,004	1,32,004
16)	Reserves excluding Revaluation reserves (As per audited balance Sheet as at 31st March)	—	—	—	—	—	30,89,917
17)	<b>Earnings Per Share (EPS) (not annualised) (in ₹)</b>						
	(a) Basic and Diluted EPS (before Extraordinary items)	12.84	11.94	10.67	24.78	21.64	45.15
	(b) Basic and Diluted EPS (after Extraordinary items)	12.84	11.94	10.67	24.78	21.64	45.15

### Part II : SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2015

A	Particulars of Shareholding						
1	<b>Public Shareholding :</b>						
	Number of Shares	42,51,16,338	35,91,14,303	35,90,85,115	42,51,16,338	35,90,85,115	35,90,85,115
	Percentage of Shareholding	32.20%	27.20%	27.20%	32.20%	27.20%	27.20%
2	<b>Promoters and Promoter Group Shareholding</b>						
	(a) <b>Pledged / Encumbered</b>						
	Number of Shares	—	—	—	—	—	—
	Percentage of Shares (as a % of the total shareholding of Promoter)	—	—	—	—	—	—
	Percentage of Shares (as a % of Total Share capital of the Company)	—	—	—	—	—	—
	(b) <b>Non - Encumbered</b>						
	Number of Shares	89,49,24,366	96,09,26,401	96,09,55,589	89,49,24,366	96,09,55,589	96,09,55,589
	Percentage of Shares (as a % of the total shareholding of Promoter)	100%	100%	100%	100%	100%	100%
	Percentage of Shares (as a % of Total Share capital of the Company)	67.80%	72.80%	72.80%	67.80%	72.80%	72.80%



B	Investor Complaints	Quarter ended 30.09.2015	
	Particulars	Equity Shares	Debt Securities
	Pending at the beginning of the quarter	1	4
	Received during the quarter	217	560
	Disposed off during the quarter	217	561
	Remaining unresolved at the end of the quarter	1*	3#
		* Pending	# Since settled

STATEMENT OF ASSETS AND LIABILITIES (STANDALONE) (₹ in Lacs)			
A	EQUITY AND LIABILITIES	As at 30.09.2015 (Un-audited)	As at 31.03.2015 (Audited)
1	<b>Shareholders' Funds</b>		
	(a) Share capital	1,32,004	1,32,004
	(b) Reserves and surplus	33,94,683	30,89,917
	<b>Sub total - Shareholders' Funds</b>	<b>35,26,687</b>	<b>32,21,921</b>
2	<b>Non-current liabilities</b>		
	(a) Long-term borrowings	1,65,33,599	1,64,97,346
	(b) Deferred tax liabilities (net)	26,456	18,925
	(c) Other Long-term Liabilities	37,316	33,381
	(d) Long Term Provisions	1,66,394	96,361
	<b>Sub-total - Non-current liabilities</b>	<b>1,67,63,765</b>	<b>1,66,46,013</b>
3	<b>Current liabilities</b>		
	(a) Current maturity of long term borrowing	20,00,177	18,73,528
	(b) Short-term borrowing	0	4,06,441
	(c) Other Current Liabilities	7,91,702	6,66,015
	(d) Short Term Provisions	49,764	52,523
	<b>Sub-total - Current liabilities</b>	<b>28,41,643</b>	<b>29,98,507</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>2,31,32,095</b>	<b>2,28,66,441</b>
B	<b>ASSETS</b>		
1	<b>Non-current assets</b>		
	(a) Fixed assets	6,552	6,579
	(b) Non-current investments	37,243	34,728
	(c) Long-term loans and advances	2,01,89,463	1,97,84,291
	(d) Other Non Current Assets	23,814	22,472
	<b>Sub-total - Non-current assets</b>	<b>2,02,57,072</b>	<b>1,98,48,070</b>
2	<b>Current assets</b>		
	(a) Current investments	46,078	50,404
	(b) Cash and Bank Balances	8,960	5,07,080
	(c) Current Maturities of Long-term loans	18,83,080	16,31,209
	(d) Short -term loans	3,07,900	2,88,722
	(e) Other Current Assets	6,29,005	5,40,956
	<b>Sub-total - Current assets</b>	<b>28,75,023</b>	<b>30,18,371</b>
	<b>TOTAL - ASSETS</b>	<b>2,31,32,095</b>	<b>2,28,66,441</b>

#### Notes :-

- The above financial results for the quarter and half year ended 30.09.2015 have been reviewed and recommended by the Audit committee of Directors and approved by the Board of Directors in their meetings held on 02.11.2015 and 03.11.2015 respectively. The same has been Limited Reviewed by the Statutory Auditors of the Company.
- Interest Finance and Other charges at 2(a) of Part I above, includes provisions made during the quarter and half year ended 30.09.2015 on account of: (i) NPA ₹1824 Lac and ₹ 5873 Lac respectively (corresponding previous quarter and half year ₹ 9682 Lac and ₹ 21295 Lac respectively), (ii) Standard Assets ₹ 30393 Lac and ₹ 31037 Lac respectively (corresponding previous quarter and half year ₹ (2833) Lac and ₹ (1585) Lac respectively), (iii) Restructured Standard Assets ₹ 1564 Lac and ₹ 21698 Lac respectively (corresponding previous quarter and half year ₹ 21531 Lac and ₹ 21531 Lac respectively), and (iv) Provision for Diminution in value of investments ₹ 4326 Lac and ₹ 4326 Lac respectively (corresponding previous quarter and half year Nil). As regards provision on Standard Assets, RBI norms require the Company to enhance the provision in a phased manner to 0.40% by 31.03.2018. The Company, during the quarter ended 30.09.2015, has increased the provisioning on Standard Loan Assets (excluding outstanding restructured standard loan assets) from 0.25% to 0.40%.
- a) The Company being a Government owned Non-Banking Financial Company is exempt from the RBI directions relating to Prudential Norms. RBI has directed the Company, vide its letter dated 25.07.2013, to take steps to comply with RBI's Prudential Norms by 31.03.2016. Further, RBI vide its letter dated 03.04.2014 has allowed exemption from credit concentration norms in respect of exposure to Central / State Government entities till 31.03.2016. The Company follows its own prudential norms approved by the Ministry of Power (MoP), Govt. of India (GoI) (including revisions approved by BoD in its meeting held on 09.03.2015 subject to the approval of MoP which is awaited) which inter-alia includes norms for Restructuring / Rescheduling / Renegotiation (R/R/R) of loans which allows (i) two times restructuring before COD, (ii) exemption to the loans having central / state government guarantee and loans to government department, and (iii) dispensation not to consider extension of repayment schedule without sacrifice as restructuring for government sector borrowers. For revisions approved by BoD in its meeting held on 09.03.2015, MoP vide letter dated 02.09.2015 has informed the Company to strictly adhere to the directions / advice of RBI in making any amendment in prudential norms of the Company. The Company vide letter dated 27.10.2015 has again requested MoP to accord approval for the proposed amendments in prudential norms. For R/R/R norms, RBI has advised the Company to follow the instructions contained in RBI circular

DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23.01.2014, vide its letter dated 03.04.2014 inter-alia allowing maximum period of delay in DCCO for which a loan can be restructured. The matter regarding applicability of RBI's R/R/R norms was taken up with RBI. In this regard, RBI vide its letter dated 11.06.2014 has allowed exemption from application of its restructuring norms for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters for a period of 3 years i.e. till 31.03.2017. Further, for new project loans to generating companies restructured w.e.f. 01.04.2015, the provisioning requirement would be 5% and for stock of such outstanding loans as on 31.03.2015 to all generating companies, the provisioning shall commence with a provision of 2.75% with effect from 31.03.2015 and reaching 5% by 31.03.2018. This provision is in addition to the provision for diminution in fair value. The Company vide its letter dated 03.07.2014 has communicated the manner of its implementation to RBI, further reiterated vide Company's letter dated 27.11.2014, inter-alia stating that all new project loans sanctioned with effect from 01.04.2015 to generating companies would be regulated by RBI norms on R/R/R. RBI vide its letter dated 04.02.2015 has informed that the Company's request is under examination. Pending decision by RBI regarding implementation of R/R/R norms, the Company is following its own norms read with the manner of implementation as stated above. b) During FY 2015-16, the Company is required to enhance provision on qualifying R/R/R loan assets from 2.75% to 3.50% and the aforesaid additional provision @ 0.75% has been made during the quarter ended 30.06.2015. A provision of ₹ 1564 Lac has been made during the quarter ended 30.09.2015 (corresponding quarter of previous year ₹ 21531 Lac). A provision of ₹ 21698 Lac has been made during the half year ended 30.09.2015 (corresponding period of previous year ₹ 21531 Lac). The qualifying R/R/R loans outstanding as on 30.09.2015 amount to ₹ 22,32,620 Lac in private sector and Nil in Govt. Sector (as on 31.03.2015 ₹ 20,52,491 Lac in private sector and Nil in Govt. Sector).

- RBI vide letter dated 30.06.2015, received on 03.07.2015, has advised the Company that all loans including the outstanding stock of loans under consortium shall be governed by the asset classification norms as prescribed in Circular DNBR (PD) CC No. 002/03.10.001/2014-15 dated 10.11.2014. RBI has also informed that the asset classification norms that would be applicable to new loans under consortium shall be communicated shortly. Accordingly, the Company has amended its prudential norms w.e.f. 03.07.2015 so that the loan assets (excluding lease assets) outstanding as on 31.03.2016 and overdue for a period of 5 months or more will be classified as non-performing assets (NPA). The Company has communicated the manner of implementation of asset classification norms to RBI vide letter dated 13.08.2015. Accordingly, the additional provision, if any, will be accounted at the year end.
- In case of a restructured loan asset, categorized as sub-standard by the Company on 15.04.2015, the borrower has obtained an ad-interim stay on further proceedings from Hon'ble High Court of Madras vide order dated 17.06.2015. The next hearing is scheduled to be held on 17.11.2015 and the stay stands extended accordingly. The Company had sought a legal opinion with respect to asset classification, based on which, the loan asset has been re-classified from restructured sub-standard to restructured standard asset and the NPA provision amounting to ₹ 33,999 Lac made in the account during the quarter ended 30.06.2015 has been reversed in the same quarter.
- During the current quarter, Bihar Mega Power Limited, a subsidiary company has been incorporated for developing Ultra Mega Power Project in the state of Bihar. Company has subscribed to 50,000 equity shares of face value of ₹ 10/- each at par amounting to ₹ 5 Lac. Company has also subscribed to 50,000 equity shares of face value of ₹ 10/- each at par amounting to ₹ 5 Lac in each of the subsidiaries incorporated during the quarter ended 30.06.2015 i.e. Deoghar Infra Limited and Bihar Infrapower Limited.
- During the quarter ended 30.06.2015, Company has applied for 2,50,00,000 equity shares of Energy Efficiency Services Limited (EESL) (a joint venture company) of face value ₹ 10/- per share at par aggregating to ₹ 2,500 Lac. Allotment of shares has been completed on 21.08.2015.
- On 27th July 2015, President of India, acting through and represented by Ministry of Power, Government of India has sold 6,60,02,035 equity shares of face value of ₹ 10/- each representing 5% of the total paid up equity share capital of the Company, out of its shareholding of 72.80%, through "Offer for Sale" of shares by Promoters through the Stock Exchange mechanism. Post sale of shares, promoter shareholding stands at 67.80 % of the total paid up share capital of the Company.
- The Company amortizes the exchange differences on the long term foreign currency monetary items over their tenure. Consequently, as on 30.09.2015 the unamortised debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 60,462 Lac (as on 31.03.2015 ₹ 38,056 Lac).
- The Company's main business is to provide finance for power sector. As such, there is no other separate reportable segment as per the Accounting Standard 17 - 'Segment Reporting', issued by the Institute of Chartered Accountants of India.
- Tax Expenses includes tax provision on year to date basis and earlier years' tax expenses / adjustments.
- Figures for the quarter ended 30.09.2015 are the balancing figures between unaudited figures for the half year ended 30.09.2015 and unaudited figures for the quarter ended 30.06.2015.
- Figures for the previous period have been regrouped / reclassified wherever necessary, to confirm to current period classification.

Place : New Delhi  
Date : 03.11.2015

Sd/-  
(M.K. GOEL)  
Chairman & Managing Director  
DIN - 00239813



Photos: SOUMIK KAR

## Getting methodical

A few tweaks to their existing finances should see the Borwankars realise all their financial goals, according to **Harsh Roongta**

**I**t doesn't take very long to form an opinion about Prasad Borwankar: a complete family man, living with his parents and working wife, Vaidehi, and a doting father to his 2-year-old daughter. He chose to get a plan made because he wanted to get his finances in order, as he had been investing randomly over the past eight years without linking his investments to any goals. Though investments were regular, they were not channelised to offer a financially healthy future.

The mandatory risk analysis of the couple puts them under the aggressive investor category, based on which his existing finances were

looked into. As per his income, expenses and other savings, he has been recommended to increase his equity holdings from 27 to 35 per cent and reduce his debt allocation from 28 to 18 per cent. The allocation towards real estate has been marginally increased from 40 to 43 per cent for he wishes to buy one more property to eventually live in after selling his Malad house where he lives, to be left with one house as an investment.

It was encouraging to note that the 34-year-old has taken adequate life insurance for himself and his wife. Likewise, he has taken appropriate health insurance, which also covers his ageing parents. Despite coming

across as an aggressive investor, he had parked money in bank FDs instead of considering liquid funds as an alternative.

### Changing tact

The surprising part of his finances is that he has made several investments

If, like Prasad and Vaidehi, you would like to share your story and have a financial plan made by a financial planner, write in to us with your contact number at [editor@outlookmoney.com](mailto:editor@outlookmoney.com)



## Goals

**Harsh Roongta**  
Chartered accountant  
and SEBI registered  
investment advisor

The planner can be reached at  
harsh@harshroongta.com



**Holiday**  
₹2 lakh  
in 2017



**Car**  
₹12.6 lakh  
in 2018



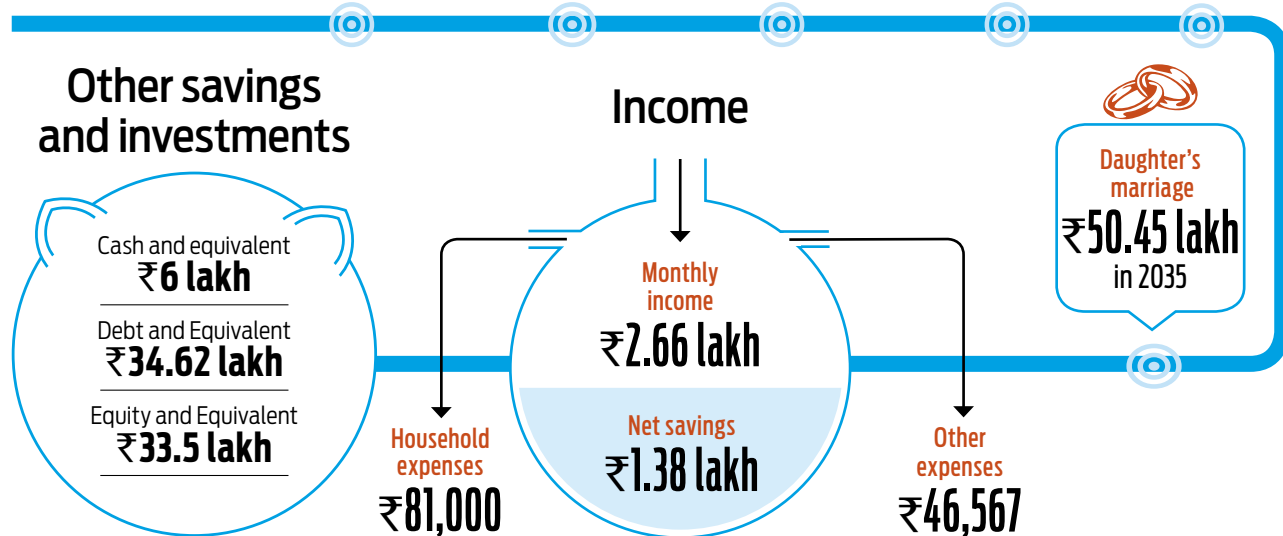
**Home**  
₹2.5 crore  
in 2020



**Daughter's  
education**  
₹20 lakh  
in 2030



**Retirement**  
₹1 lakh  
every month  
from 2031



in mutual funds and equities. Although it is good to note a significant allocation to equities, the procedure adopted for investment lacks planning. Predictably, he has several overlaps in his investments, which means it is diversification only in numbers.

The recommendation for him is to exit direct equity investments and concentrate on a manageable portfolio of mutual funds. As an extension, he should invest systematically in

equity investments earmarked for each financial goal and shift these investments systematically to debt about 36 months before the goal date.

Prasad's existing outstanding loan is ₹23 lakh on which he pays ₹26,000 EMI at 10.5 per cent interest. This should be transferred to SBI's Maxgain Scheme at prevailing interest rate of 9.9 per cent. In doing so, he will not incur any pre-payment charges in the future and will also save ₹800 on EMI.

The Borwankars lead a frugal lifestyle, which leaves them with sufficient savings and investible surplus every month. While they wish to stop working when they turn 50, it is too early to debate on that. However, the way their finances are placed currently, every provision has been made to ensure that they achieve their retirement goal. Thus by bringing order to their investments, the Borwankars are much closer to meeting their goals. ■

## A plan to act on

### Contingency corpus

- Your current monthly expenses are ₹1.3 lakh and it is recommended that you maintain three months of this reserve, that is ₹3.9 lakh, as an emergency fund
- Invest the money from the savings bank account in ICICI Pru Money Market Regular Fund
- Transfer this amount to the linked

account under SBI Home Loan Max Gain scheme when it is opened

### Investments

- You have investments in 25 instruments including stocks and mutual funds (MFs), which is extremely time consuming to track and maintain
- Direct investment in equity is not advised, as it requires in-depth

research and analysis

- Invest money in good MF schemes
- Sell your equity investments and reinvest in recommended MF schemes under the growth option
- Instead of investing in sectoral or thematic funds opt for well-diversified funds, which invest in stocks of various companies in different sectors
- All existing investments should be allocated towards your major goals
- You should periodically review your





Photo: SOUMIK KAR

portfolio and rebalance it as per your asset allocation

## Retirement plan

- You have indicated that you need

your retirement corpus when you turn 50 and wish to maintain the current lifestyle

- The balance in your PPF and EPF should be allocated to this goal

- Existing balance in equity MFs amounting to ₹14.25 lakh should be earmarked towards this goal
- Investments in direct equity amounting to ₹5.07 lakh should be allocated towards this goal with the redeemed sum put into recommended MF schemes
- You are advised to shift your equity investment systematically to debt, about 36 months before retirement age, including any new investments during this period

## Daughter's education

- You would like to plan for your daughter's education after 15 years and would like to provide ₹20 lakh in present value for this goal
- Investments in direct equity amounting to ₹15 lakh should be allocated towards this goal, by directing it to mutual funds

## Daughter's marriage

- You would like to plan for your daughter's marriage when she turns 22 and provide ₹7.50 lakh in present value for this goal
- Start investments in a monthly SIP of ₹4,700 to meet this goal
- Invest ₹4,200 in ICICI Pru Top 100 Fund (G) and ₹6,000 per annum in Sukanya Samriddhi Yojana
- You are advised to shift your equity investment systematically to debt about 48 months before marriage

## Vacation

- You would like to go for a dream vacation after three years, which will cost you ₹2 lakh today
- Half of your existing fixed deposits should be allocated for fulfilling this goal of taking a vacation
- Redeem the FDs and invest the proceeds in HDFC Cash Management Fund and transfer the amount systematically to HDFC Balanced Fund over a period of 24 months
- Withdraw the required amount after three years for this goal and continue to hold the balance investments in the same fund. ■

## Life insurance

- Adequate life insurance is a must to make sure your family's lifestyle is not affected if you die early
- Considering your existing assets and your respective incomes, you have taken adequate life insurance for yourself and your spouse

- Disability insurance pays a lump sum in the event of suffering from a debilitating disease such as cancer, stroke, organ failure or disability arising from an accident.
- You should take accident insurance, including disability cover (Bajaj Allianz Premium Personal Guard or Apollo Munich Individual Personal Accident Plan)

## Current health insurance

Particulars	Plan 1	Plan 2
Sum Assured	₹20,00,000	₹20,00,000
Premium	₹13,000	₹10,500
Type	Family floater	Family floater
Members	Self+Spouse+Child	Parents

- Continue your existing policies
- You must port your existing health insurance at least one month before, if you quit your job. The situation needs to be reviewed at least once every year for changes in regulation and coverage by the insurance companies.

for ₹50 lakh and a critical illness policy (Aviva Health Secure) for ₹50 lakh for yourself. Both these policies will cost you around ₹38,700 per year in premiums. Considering your existing assets and your income, your spouse does not need disability insurance.





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# Risk proof your business

Taking on risks can leave most businesses vulnerable but having an insurance cover assuages any unforeseen setbacks, says **Anagh Pal**



**N**asty surprises can wreak havoc for a business, especially for a start-up. Take, for instance, a high-value shipment of an e-commerce company that gets lost in transit or a week's earnings collected from different centres being

looted. All businesses are fraught with risk and it is no different for start-ups. In such cases, insurance provides a way out by insulating businesses so that they can deal with emergencies that would otherwise throw their growth process out of gear or even lead to their death.

While it does not feature in the priority list of most start-ups, the importance of insurance is significant. A start-up that does not have insurance is as much at risk as an individual who does not have health or life insurance. Insurance can protect a start-up from making losses on its assets, liabilities and human resource. If adequately insured, a start-up can take unexpected and nasty surprises in its stride with little or no financial damage and the business can continue on its growth path.

"Insurance also gets client confidence in your business as they know that a particular freak incident won't put you out of business," says Abhishek Rungta, CEO, Indus Net Technologies, a Kolkata-based web development and digital marketing company, and also a co-founder of Seeders, an angel fund and incubator for tech start-ups. There is a wide range of insurance covers available for businesses to ensure protection against any mishaps. (See: *Ring-fencing your business*).

## Mix 'n' match

Says Pushan Mahapatra, general manager and COO, SBI General Insurance; "Most insurers offer package policies for small size enterprises to cover their multiplicity of risk requirement under the business package policy." One such example is the general liability insurance. "General liability provides financial protection for businesses in the event of lawsuits and claims. These may arise as a result of injuries or property damage connected with the business," says Manu Jolly, CEO of Delhi-based Digiperform, a

digital marketing training company.

Shipdesk is a start-up that provides online merchants with cloud-based shipping solutions. It covers all goods in transit by minimum liability insurance provided by courier companies. "But there is a growing demand by online merchants for covering the entire value of goods and hence we are in talks with insurance companies for designing custom-made plans," says Lipjo Joseph, co-founder.

There are different kinds of insurance covers that cater to different needs of businesses, including start-ups, and the cost structure varies accordingly. Says M. Ravichandran, president-insurance, TATA AIG General Insurance: "The important points to be considered are adequate limit, right retention, coverage customised to the need and carved-out exclusions to make sure there are no gaps." For instance, in case of Petoo, a Bengaluru-based start-up in the online restaurant space, which produces food centrally and sends it to distribution points, worker's compensation insurance is a must. "Money insurance is a must for us as cash is handled at outlets and insurance covers any movements of cash from different outlets to our office," says Kumar Setu, co-founder, Petoo.

Likewise, there is the key man insurance, which provides life cover to important members like the co-founders, and group and accidental medical insurance for workers. A similar cover is available for director and officers' liability against any decisions taken by them.



Photo: RAJKUMAR, S.

With several new generation start-ups running their businesses on data and technology, any breach of security is a big cause of concern. For such companies, there is cyber liability insurance, which provides coverage if there is theft of both first- and third-party data. Says Jolly, "Since we are a digital marketing training company offering courses to different professions, data is the

## KUMAR SETU

Co-founder, Petoo, Bengaluru

**We handle a lot of cash in our outlets and hence insuring the cash is a must for our company. There are other types of insurance available to safeguard our business from unknown perils.**



## Anuraag Kaul

**Wholtime Director and Principal Officer,  
JK Risk Managers and Insurance Brokers**

**Start-ups could be categorised as being in manufacturing or services sector and the kind of insurance cover will vary for each of them.**

most significant component of the organisation and needs to be protected from any breach."

## Navigating the cover

Insurance needs will vary from one start-up to another. There are traditional risks that all start-ups will face and specific risks that a start-up can face depending on the nature



## Ring-fencing your business

and omissions or by employees for wrongful dismissal or harassment.

**Asset based insurance:** Products at warehouses are at risk. Also, use of any industrial equipment can damage the product causing financial losses, which can be insured.

**Building and establishment insurance:** You can purchase buildings and contents insurance for premises, fittings, equipment and stock to protect your business from losses caused by theft, fire or flood.

**Key employees insurance:** Insuring the key employees protects the business against loss in the event of their absence due to serious illness, injury or death.

**Professional indemnity:** Ideal for protection of employees and promoters against legal action taken by those who believe they've been

given bad advice. This is critical for start-ups in the legal, accountancy and financial service sectors.

**Errors and omissions insurance:** It protects the start-ups from problems related to products or services that cause a financial loss to a customer or third party. This is an important insurance policy recommended for tech start-ups.

**Crime or fidelity insurance:** Internal frauds and crimes are a fairly common risk and businesses can be insured against them.

**Cyber liability:** Majority of start-ups involve portals, apps and softwares to maintain consumer data, and companies run on comprehensive yet vulnerable networks. While a data breach would lead to a legal liability, any compromise in network security would affect the financial state of the company and can be covered.

Every business faces risks. While some of them can be managed, others need greater attention by way of insurance. We look at some of the risks that start-ups face, which can be insured to reduce their financial implications.

**Directors and officers insurance and Employers practice liability insurance:** Litigation against senior management, directors and officers either by shareholders for errors

of the business. "It all depends on what is critical for your business and what are the major risks your business, clients and employees are exposed to," says Rungta.

Thinking that insurance is not a need and not going for it is one of the biggest mistakes start-ups make. Getting yourself insured for the various risks should be a top priority. Premium costs need to be considered while going for insurance but it

is important to remember that such costs are a small component of the total cost to the company. A start-up is advised to get competitive quotes for the policies through professional insurance agents.

However, insurance policies are often complex and it is difficult to compare policies based on numbers. They come with several clauses and all of these come into action when you actually make a

claim. Hence, it is recommended to take the services of a professional insurance advisor or broker.

Says Anuraag Kaul, wholetime director and principal officer, JK Risk Managers and Insurance Brokers, "The best way for start-ups to approach the insurance tangle is to look for a good insurance broker. Buying an insurance cover without taking due care will always land people in a soup."

"Going through a broker helps one to take the right insurance cover and not just go for the cheapest one available," says Jolly. The right protection not only guards your business from any nasty surprises, but also ensures a good night's sleep. Get covered, now. ■

*With inputs from Aakar Rastogi*

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**Pushan Mahapatra**  
General Manager and COO  
SBI General Insurance

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# Driven by commitment to ease compliance, CBEC soldiers on...



### Automation

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- Import General Manifests filed : 2,32,452
- Export General Manifests filed : 2,23,930
- Console Manifests filed : 51603
- Shipping Bills filed : 64,19,670
- Bills of Entry filed : 34,51,180
- % of Customs Duty paid electronically : 98.6%

### Faster clearance

- CBEC has adopted risk management systems, ACP and AEO schemes, which allow faster clearance of consignments without assessment or examination.
- Multi-department Customs Clearance Facilitation Committees set up at the seaports and airports to expedite clearance of EXIM goods.
- 24x7 Customs clearance made available at 18 seaports and 17 airports.
- Single Window Project initiated providing for online message exchange enabling importers and exporters to meet regulatory requirements of different agencies.
- Liberal examination norms implemented.

### Taxpayer assistance

- Every Wednesday morning earmarked for interaction with taxpayers to resolve their difficulties.
- Trade Representatives can bring up their issues in the PTFCs (Permanent Trade Facilitation Committee), RACs (Regional Advisory Committee) & Open Houses.
- e-Helpline System in place in every zone.
- Taxpayer Service Centres set up in every Commissionerate.

### Resolving/preventing disputes and grievances

- Advance Ruling Scheme available – Scope enlarged to include Resident firms.
- Settlement Commission can be approached for settlement of cases.
- Seven Ombudsmen appointed for addressing grievances of members of trade.
- Grievances can also be lodged on CPGRAMS portal.

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*A nation is made, when taxes are paid*



# Premium shift

The S-Cross and Creta have been launched as entry-level luxury vehicles but are these really value-for-money? **Meraj Shah** finds out...



## ● The competition ●

If you're in the market for an SUV, then take your time and test drive these as well:

**Renault Duster:** Tried and tested; AWD available; 475 litre boot; better ride quality

**Mahindra XUV 500:** Serious value-for-money; lots of cabin space; diverse features

**Ford Eco Sport:** Contemporary looks; 1.0 litre petrol option; loaded with tech; ideal for city commute

The one thing that you like immediately about the S-Cross is that it doesn't pretend to be an SUV. And, given the 'compact SUV' frenzy in the market right now, that's no small matter. Manufacturers keen to join the party have introduced sedan variants with appropriately 'muscular' styling cues taken from bonafide SUVs. Now, Maruti has ruled the roost in the mass consumer market in India for too long to try a disingenuous stunt like that. The S-Cross is, and looks like, a really big hatchback.

That said, it's no head turner as looks go—alpha males in search of an aggressive-looking vehicle can stop reading just about now. But the big hatchback or 'premium crossover', as

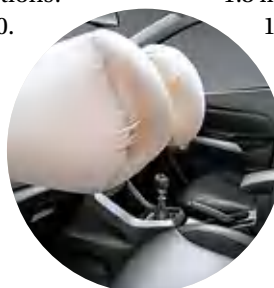
Maruti describes it, isn't an eyesore either—plainly targeted at those looking for a practical premium vehicle and those who want to stay within the Maruti umbrella (there are upgrades for existing customers). Positioned somewhere between crossovers and SUVs, the S-Cross is almost as long as the Renault Duster, as wide as the Ford Eco Sport and taller than the Hyundai i20 Active, Fiat Avventura, VW Cross Polo and Toyota Etios Cross.

Get past appearances and the build quality is immediately apparent. Tipping the scales at 1,250 kg, the S-Cross is heavier than the Duster and feels solid in all aspects—doors close with a reassuring heavy thud and all fittings in the all-black theme-cabin are premium to the touch. The upmarket theme is



really driven home with the leather seats and seven-inch touchscreen audio system (with USB, AUX and Bluetooth connectivity, plus navigation and voice commands). The Bi-Xenon projector headlamps are a first in this segment, as are the automatic rain-sensing wipers and lights. There is adequate head room and foot space in the front and rear—perfect for four people and accommodating of five.

The S-Cross is only available in two diesel-powered options: DDiS 200 and DDiS 320. The 200 DDiS has a 1.3 litre motor (that also powers the Ciaz), while the 320 DDiS comes with a brand new 1.6 litre motor that's imported from Italy. On the road, there's no competition about which one we'd recommend: with 118 bhp and oodles of torque, the 1.6 litre S-Cross zooms ahead.



Besides, this is the best highway tourer from Maruti's stable yet. In that sense, the S-Cross strikes a balance between its fun-to-drive and family-car credentials. Unfortunately, that performance is the preserve of the 1.6 litre, which doesn't come cheap. Duties and taxes add up to a ₹3 lakh premium over the 1.3 litre. Whether or not you feel that premium is justified will depend on what weightage you attach to performance. In terms of luxury, the 1.3 litre diesel is at par with the 1.6 litre and sold in all four variants—Sigma, Delta, Zeta and Alpha (the 1.6 litre is only available in the top three variants).

#### S-CROSS SPECIFICATIONS

**Engine:** 1300cc/1600cc Turbo Diesel

**Power:** 89bhp/118bhp

**Torque:** 200NM/320NM

**Price:** ₹8.34–₹13.74 lakh

**Warranty:** Two years (or 40,000 km), extendable to four years





One look and you know that Hyundai has nailed it with the Creta's styling. And if you're instantly reminded of Hyundai's flagship SUV—the Santa Fe—then you're spot on, too. The Creta looks like a Santa Fe that's been on a crash diet and with good reason too, you'd think. Cast in the mould of Hyundai's new design language, this is a strikingly handsome car. So, it's no 'crossover' then—the Creta looks exactly like the vehicle an aspirational would-be SUV owner is looking for. The 17-inch wheels on the top-end SX (O) version, which we drove, make a significant



contribution to its road presence; in the event that you do buy a lower variant of the car, then consider upgrading to these.

Behind the wheel, the driver's orientation feels almost car-like. Cabin fit and finish are as top-notch as you'd expect in a Hyundai vehicle, in fact i20 Elite drivers will feel instantly at home in the Creta. There's a prominent ICE touch-screen that headlines the dashboard and accommodates AUX, USB and Bluetooth audio inputs. Hyundai

has ditched the CD player (thankfully) and the screen also displays navigation maps (MapMyIndia). As far as space goes, the reclining roof does make the rear feel a bit smaller than it is but there's a surprisingly generous amount of legroom for both front and rear passengers.

That said, by its own benchmark, Hyundai hasn't done anything exceptional with the Creta's interiors. The all-black theme is fine, and all fittings seem fairly premium, but not exceptional. You won't be able

#### CRETA SPECIFICATIONS

**Engine:** 1400cc/1600cc Turbo diesel/1600cc petrol

**Power:** 89bhp/126bhp/121bhp

**Torque:** 224Nm/260Nm/154Nm

**Price:** ₹8.69-₹13.80 lakh

**Warranty:** Three-year unlimited mileage (extendable to five years)





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<i>Particulars</i>	<i>Amount</i>	<i>Increase</i>
<i>Disbursements</i>	₹ 12,805 Cr.	up 28%
<i>Loan Book</i>	₹ 1,94,648 Cr.	up 20%
<i>Total Income</i>	₹ 5,925 Cr.	up 17%
<i>Net Worth</i>	₹ 27,906 Cr.	up 19%

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## Tail Light



to find fault with anything, just don't expect to be 'wowed'. There's also some frugality in terms of the kit considering that it's the features that have differentiated Hyundai's cars, specifically the i20. Unlike the S-Cross, there are no auto-head-lamps or rain-sensing wipers. Even the auto-folding rear-view mirrors, steering reach adjustment or cooled



glovebox, which you'll find on the i20 Elite, haven't made their way to the Creta. Why Hyundai has stuck with rear drum brakes—not even the SX (O) has four discs—is a bit inexplicable.

Under the hood, no complaints in the 1.6 litre diesel that we drove. Scores of Verna drivers swear by this engine which, in the Creta, puts out 126 horses—more than enough to propel the 1.3 tonne vehicle with adequate gusto. There's also a 1.4 litre CRDI diesel option and a 1.6 litre petrol variant for those who'd rather stick to the cleaner fuel. Most crucially, the 1.6 litre diesel comes with an automatic option as well. For city

slickers, that's where the search ends. As it does, I suspect, for women drivers—the Creta is just slicker than its competitors, and that will definitely buttress its case to the ladies. ■

*The writer is Web Editor, Outlook Traveller, and pens automotive reviews for several publications.*

## Bottom line

The Creta and S-Cross, whilst being in the same segment, are in fact targeted at consumers with different mindsets. The S-Cross is biased towards practicality while the Creta is just downright better looking. The S-Cross is loaded with features including ABS and two airbags, which are standard across all models. It also has disc brakes on all wheels unlike the Creta that has drum brakes on the rear wheels. The Creta also has ABS as standard but airbags are offered only from the S+ variants onwards. So, on safety parameters and if you're considering the lower variants, the S-Cross is a better choice.

On the other hand, the Creta is available in petrol and automatic variants. The latter is a deal breaker for the S-Cross if you're going to use the car for your daily commute. Also, Hyundai has a fantastic reputation for its after-sales service as well as reliability. The three-year unlimited mileage warranty sweetens the deal. None of these vehicles are offered in all-wheel-drive or 4x4 and aren't likely to be much good off-road. If you want to go into the rough stuff, then look at the Mahindra XUV 500 or the Renault Duster.

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# The Fitness

**T**ired of the “health is wealth” advice from well-meaning elders and finally decided to do something about your fitness? Beyond the new running shoes and a gym

membership, what you really need to take your fitness game up a notch is the right tech. Gadgets and apps that can let you start seeing how much activity and exercise you get on a daily basis, how many calories you burn, so you can

optimise and track your performance, no matter how big or small your goals (or your budget) is! Here are our top picks for the fitness tech to, quite literally, transform your life and take your workouts to the next level.

## For the masses

### Goqii

If motivation (or lack thereof) is the real issue, consider Goqii. Sure, the fitness tracker does the usual step/distance/calorie/sleep tracking, is water resistant and syncs with your smartphone over Bluetooth...but you're not really paying for the band. Instead, you're paying for a 3/6/12 month coaching subscription service using real, live personal trainers based out of Mumbai, who monitor your workout and what you eat, and give you tips via daily text-based chats and monthly audio/video calls. **Also consider:** Fitbit Flex (₹6,990) and Fitbit Charge HR (₹12,990)



₹999

### Xiaomi Mi Band

If you're new to fitness wearables and want to start small as you figure out which one to pick up, the Mi Band is a great place to start. You wear the water-resistant Mi Band on your wrist and the built-in pedometer tracks your activity levels and your sleep cycles, showing you data on the Mi Fit app (Android/iOS). It's got a phenomenal 30-40 day battery life, and can double as an alarm clock and an incoming call notifier when paired with your smartphone. Another great alternative is Micromax's Yu YuFit (₹999) which adds in a display, making it more convenient to check your activity, as opposed to checking stats on your smartphone if you're using the Mi Band. Of course, the trade-off is the shorter battery life.



₹3,999



# brigade

With health being a top priority among people, **Tushar Kanwar** explores the world of wearable fitness gadgets and apps

## For the serious fitness enthusiast

### TomTom Multi Sport Cardio

The brand synonymous with in-car GPS systems has come out with a surprisingly competent fitness wearable in the form of Multi Sport Cardio. Its large strap and dual-color finish means you're likely to only want to wear this while you're working out, but when it's on, it does a great job of tracking your workouts accurately. Whether it's laps in the pool, running a jogging route, a session on the treadmill or a breezy ride on the bike, the Multi Sport Cardio uses the accurate GPS tracker to calculate the distance you've run or the altitude you've climbed, not to mention how your heart's been doing with its integrate heart rate monitor.

₹23,499



₹19,990

### Fitbit Surge

With continuous heart rate monitoring and built-in GPS, the Fitbit Surge is one of the most feature-rich fitness bands you will find, and the level of functionality and price puts it squarely in the market for a power user. Step/distance tracking, calorie counts and sleep quality are a given, and the Surge is able to track different types of exercise such as running (outdoors routes via GPS as well as on a treadmill), yoga, strength training, hiking, weight lifting, and more. The always-on monochrome touchscreen LCD shows you the stats on your wrist, and it can handle music controls and call and text notifications from your phone as well, allowing it to double as your everyday watch.

## Top fitness apps

Activity trackers are great, but if you're still in two minds about picking one up, you can use one of these to go from fat to fit easily.

### FirstRun

Designed for folks who've never run before, FirstRun coaches you to get up and get going towards running a few kilometers. Users can select from two running programs—5 km or 10 km. And, to ensure motivation levels don't drop, actress and fitness icon Gul Panag serves as an in-app personal trainer to keep you on track!

### Endomondo

A long-time favorite, the Endomondo app urges you to 'free your endorphins' and lets you track duration, distance and calorie burn along with route maps. You can set up your own training programs to monitor your daily or weekly progress,

and set goals, which the app reminds you to follow via an audio coach.

### Strava

Ideal for cyclists and runners, Strava tracks your ride/run via GPS, including helpful stats like changes in elevation and your pace each day. Up for some competition? The app allows you to compare against friends or others on the same route, and even measures your performance against people in your age/weight/height group. If you are on vacation, Strava helps map popular running and biking trails, too!

### Fitbit

Fitbit's user-friendly companion app can pull in a host of data from your

smartphone's sensors. You get both pedometer (step tracking) and route tracking capabilities, and there's food logging should you want to track what you're eating and how much you need to burn as a result. Social features abound as well, so you can compete in leaderboards and challenges against your friends.

### Runtastic

Another one for running enthusiasts, Runtastic works with your phone GPS to track speed and your running route, and the aerial maps and graphs are an excellent way to visualise your daily runs and show off your running accomplishments on the social network of your choosing.

## For the data obsessed

### Jawbone UP3



₹14,999

Jawbone's latest in its family of fitness trackers packs in a handful of sensors—a new tri-axis accelerometer, bioimpedance sensors, and skin and ambient temperature sensors. Put simply, the stylish UP3 can measure your sleep levels, resting heart rate, perspiration, BMI and hydration levels, providing new insight and data that hasn't been seen in a fitness tracker yet. The band lacks a display, but Jawbone compensates via an excellent app for coaching and lifestyle tracking.



₹9,990

### Fitbit Aria WiFi Smart Scale

The weighing scale generally doesn't win any popularity contests given the truth it reveals, but Fitbit's Aria may change your perspective. Aria tells you more than just what you weigh—it can track body fat percentage and Body Mass Index (BMI) for up to eight members of the family, and transfer the data wirelessly to your phone or PC to manage progress. Best of all, it automatically recognises you every time you step on the scale and syncs with any other Fitbit devices you own!

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# TAKING OFF THE BLINDERS

**THE SILO EFFECT: WHY PUTTING EVERYTHING IN ITS PLACE ISN'T A BRIGHT IDEA**

Every Indian will be able to relate to the word silo. Our society is well categorised across all forms thinkable for one to know what silo is all about. Gillian Tett's book is particularly useful because she deals with silos in new, refreshing and creative ways. Tett is an anthropologist by training and has used the examples of interesting people like a start-up mogul turned police officer or a dyslexic physician who sees the world through unusual mental lenses. She goes on to narrate how these people had an uncanny ability to view a previously vexing problem from a new perspective.

Tett clarifies early on that the word 'silo' does not just refer to a physical structure or organisation but can also be a state of mind. Silos exist in structures. But they exist in our minds and social groups, too. The book is filled with implications for readers who aren't interested in big



data, finance, public health, or other examples she raises. Whatever your field, her conclusions about the fact that new ideas typically are introduced by outliers is

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**GILLIAN TETT**

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something we have to live with.

So what do you do to avoid the silo effect? At Facebook, Microsoft is considered the great horror—a once-dynamic innovator turned laggard by its silo operations. Consequently, Facebook employees are rotated around projects, urged to switch teams and given new challenges. The corporate culture is reinforced with group activities and slogans printed on posters: 'Move fast, break things!' or 'Done is better than perfect!' Where the book disappoints is the lack of data, tables and graphs. Overall, it manages to kindle your thoughts into functioning out of silos. ■

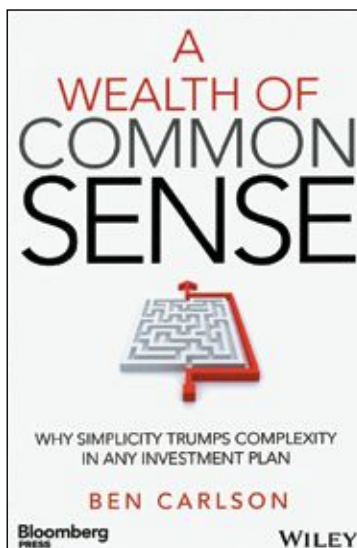
# ALL-WEATHER ADVICE

**A WEALTH OF COMMON SENSE: WHY SIMPLICITY TRUMPS COMPLEXITY**

After reading this book, you may ask yourself if there was really anything new in it.

In some ways it is a compilation of things written by a number of writers—control your emotions, have a long-term outlook, don't try to beat the market, do your research, diversify, rebalance, asset allocation, and so on. But, the manner in which all this is presented is where Ben Carlson differs.

He has elegantly documented wisdom on how to become a wealth-building investor—not an extraordinary investor, not one who tries to compete with the professionals at their own game, but an investor who finds his edge in simplicity, patience, discipline and a focus on the long-run. He is not saying, for instance, that value trumps growth or that passive mutual funds are preferable to actively managed funds. There's no



perfect portfolio, except in hindsight.

There are a few interesting suggestions that can be used by everyone. For instance, Carlson exposes 13 market

**AUTHOR**  
**BEN CARLSON**

**PUBLISHER**  
**WILEY INDIA**

**PRICE**  
**₹499**

myths, including 'stocks are riskier than bonds', 'commodities are a good long-term investment' and 'housing is a good long-term investment'. In defying the last myth he insists that one should think of housing as more of an asset that forces you to build equity over time than an investment, which is likely to compound your savings.

Carlson's key insight—simplicity trumps complexity—is powerful on many levels and has numerous practical applications. In many ways, he has taken behavioural finance, synthesized the key learning points and compiled them in an easy-to-read book. ■



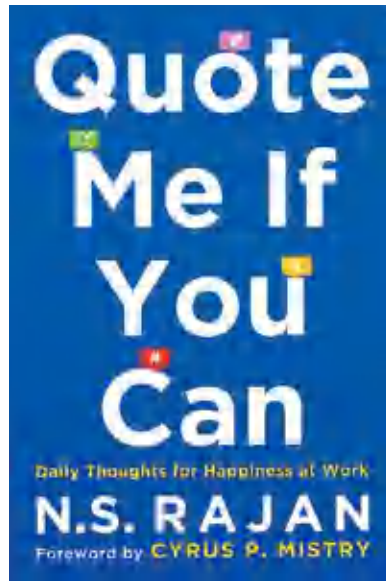
# LESSONS IN HAPPINESS

## QUOTE ME IF YOU CAN: DAILY THOUGHTS FOR HAPPINESS AT WORK

It is very rare to hear people confess love for their job or mention that they are happy at their place of work. This should be a matter of concern given that our job consumes an enormous amount of our time. That is why it is imperative to instruct ourselves to be cheerful at our workplace.

*Quote Me If You Can* by N.S. Rajan, chief human resources officer at the Tata Group, is a collection of thought-provoking quotes, two for every day of the year, that move the mind away from negativity and force you to turn the misery ship around and find elation at your workplace.

According to Rajan, there are certain aspects that one must keep in mind to ensure happiness and joy in your vocation. "Firstly, before joining any organisation or a startup, you must be in a position to have a shared vision that can bring the idea to reality to create sustainable outcomes. Secondly, there should be a nobility of purpose. And, thirdly, you



should look at the team that you will be working with and ask yourself whether you see a team where you feel a sense of belonging," he says.

One of the best facets of this book is

AUTHOR  
N.S. RAJAN

PUBLISHER  
PENGUIN INDIA

PRICE  
₹299

that it elucidates a plethora of topics like leadership, organisation and people management in a few short sentences, making them simple and easy to comprehend, and allowing readers to internalise at each level. There are so many lessons that go beyond the workspace and coerce the readers to hope for a happier, more fulfilling future.

When asked about his thoughts on the younger generation, Rajan claims that the youth of today have the poise and the opportunities to map their own career and future. "I have a lot of respect for younger generation. They have a free mind and are more open to challenges and risks that encourage them to think beyond mere constancy and security," he says. Rajan also adds that in order to succeed, one should always desire more than what one deserves.

Rajan's book strikes a chord with most people, who have held a job at some point, and anyone who has searched for ways to find bliss at work. His thoughts leads you to believe the possibility of living a happy and successful life, and may provide a practical solution for leading a satisfied work life to some.

Rajan, tracing his three decades of work experience in reputed companies like Ernst & Young (E&Y), Asian Paints and Ranbaxy, has attempted to make the concept of 'happiness at work' feasible and realisable. The book is worth a read, especially for professionals and youngsters who want to make the leap from being a corporate prisoner to an accomplished human being.

Rajan's quotes are uplifting, allow you to shed inhibitions and inspire confidence so that the next time you are asked how was work, you answer with a smile and without a sigh. ■

### Excerpts:

**"Make two promises to yourself before you start your career: earn more than you can spend and offer more help than you seek. Keep them till you retire."**

**"Some have so much foresight, they live in the future."**

**"If one had to wait for all the answers, this world of ours would be bereft of entrepreneurs."**

**"Leaders make different choices; some fight for their slice and some create an all-new cake."**

**"Networking, like a fixed deposit, earns steady returns and when you overdraw, the principal gets depleted."**

**"If you don't wish to fail, learn never to wish for success."**

**"There are two kinds of jobs: the nice ones and what you end up getting."**

**"Higher education, at times, makes people overestimate their competence and underestimate their need for experience."**





Travel

# IN NATURE'S LAP

Birding in Lansdowne led to the discovery of 10 different species of uncommon birds in a span of ten minutes, recounts **Kamal Kant**







**I**t's all possible in one place. You don't need to go to a birdwatching point or site—colours are spread all over the place. Call them flying colours. Wondering where I was wandering? It's a famous place (although not familiar to all tourists) called Lansdowne in Uttarakhand.

Strolling around the place one can see not only nice hillsides with lush greenery, but that most of the trees in the area are name-tagged with the species they belong to. I got to know about several species that I came across.

It doesn't have too many vantage points, but there is lots to see here. One can enjoy sunrise or sunset from most of the places while taking a walk. There's also a touristy spot called the Sunset Point. On the way to that place, we crossed the Tip and Top point, where I had a 360 degree view of the surrounding hills including a mountain range. Near the Sunset Point is the Santoshi Mata Temple. Climbing up the temple steps took me to a calm place. Other than the religious aspect, it offers a panoramic view of the mountains.

Another interesting place in the area is Bhulla Tal (Lake). It's an artificial lake, made just for fun. The lake will give you a nice boating experience. The place is decorated with a beautiful garden around it. While strolling around the lake, I came across a wide variety of bird species including the elusive woodpecker. Also, it's a wonderful place to spot butterflies.



A few architectural sites include the St. Mary's Church and the St. John's Church, which date back to around 100 years. The army museum is also worth a visit.

In another interesting experience, I walked around 4 km to a nearby village along the motorable road. The locals here burn dried leaves and the fire moves in small flames forming a rhythmic line as they move ahead. The smoke climbs high and can be seen from a distance. I also spotted a number of birds here, who I could see through my binoculars but the distance was too much to click pictures.

Though the scope for activities is not much in this place, it is an ideal location to enjoy nature. All you need to do is sit in a quiet place, rather any place, and enjoy the 180 degree view, 360 degree at places.

For trekkers, it's an interesting place but not very adventurous. For everyone it holds a different experience—for me, it was to walk around the place randomly.

Lansdowne is charming from every aspect. The tranquil atmosphere transfers you to another world. If you want to avoid crowds, this is the ideal place. Very few tourists frequent this spot, which keeps it free from noise and pollution.

Founded and named after Lord Lansdowne, the Viceroy of India during 1888-1894, this hill station



**Left:** Landscape around Lansdowne; **From the top (as spotted in Lansdowne):** 1. Sparrow; 2. Purple sapphire butterfly; 3. Fork-tailed drongo; 4. Colourful native bird; 5. Plum-headed sparrow; 6. Whistling thrush near Bhulla Tal



7. Boating in Bhulla Tal artificial lake; 8. A temple near Lansdowne; 9. The 110-year-old St. Mary's church built during the British era; 10. Mesmerising sunrise on a morning stroll

## HOW TO REACH

**By Train:** Two trains run from Delhi to Kotdwar (the Mussoorie Express and the Garhwal Express). Kotdwar is about 45 km from Lansdowne

**By Road:** You can take a bus from Haridwar to Kotdwara


**By Air:** The nearest airport is Jolly Grant Airport, near Dehradun, which is 150 km from Lansdowne

The other and better route to reach Lansdowne is from Delhi via Meerut, Bijnore, Najibabad, Kotdwar, and on to Lansdowne. Lansdowne is around 81 km from Pauri and about 250 km from Delhi, travelling by road.




was developed by the British for catering to the recruits training centre of the Garhwal Rifles. It is still an army cantonment area.

The weather in Lansdowne is pleasant all round the year, except for winters. Winters are extreme, and sightseeing gets a bit tough as the temperatures are too low.

Post snowfall, peep out the beautiful snow-laden peaks of the Himalayan range. At other times, the greenery plays its role. This place deserves to be admired all through the year, with a different flair in every season. 

*The writer is an avid bird watcher.*





# Announcing the Annual Outlook Money Awards

For over a decade, Outlook Money Awards have served as a widely respected benchmark for recognising excellence in the financial services sector for demonstrated leadership and value creation in the delivery of superior products and services to the consumers.

**This year's awards include a reorganisation of some categories with a focus on innovation, governance, performance and service.**



PRESENTS

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**Insurers of the Year**  
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**Banks of the Year**  
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**Wealth Creators and Managers of the Year**  
Equity AMC | Debt AMC | Overall

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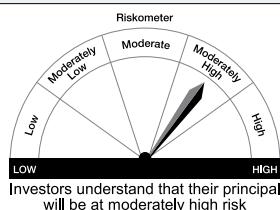
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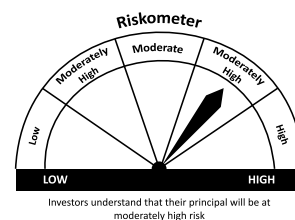
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